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sixty-five and older

a report by the
national council of welfare
on the incomes of the aged

february 1984

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A Report by the
National Council of Welfare
on the Incomes of the Aged

February 1984



Gouvernement
du Canada

Conseil national
du Bien-être social

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of Canada

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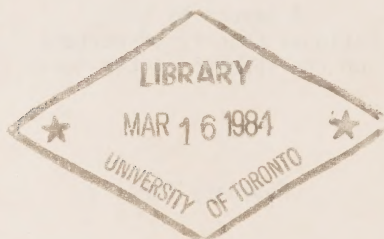


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INTRODUCTION

In 1982, for the first time since low-income statistics have been collected, the poverty rate for families headed by elderly Canadians dipped below the poverty rate for families led by persons under 65. An estimated 11.7 percent of aged families had incomes below the low-income line, compared to 14.2 percent of non-aged families.¹

Traditionally old age has brought a high risk of poverty, so from the viewpoint of elderly families this is an encouraging statistic. However the 11.7 percent figure applies to all families headed by persons 65 and older: a distinctly different picture emerges when we compare the sexes. The poverty rate for families led by aged men was an estimated 10.2 percent in 1982 - one in ten - but 24.6 percent of families headed by elderly women - one in four - were below the low-income line.

Moreover the large and rapidly growing group of unattached elderly Canadians (i.e., those who live alone or in a household where they are not related to other members) faces five times the risk of poverty as aged families: an estimated 57.7 percent of the unattached aged lived on low incomes in 1982. Again, women are worse off than men; 60 percent of unattached elderly women are poor as opposed to 49 percent of aged men.

The lesson is clear. No single statistic or simple statement can adequately characterize the economic condition of the diverse and expanding population of elderly Canadians.

This report attempts to present a balanced view of Canada's aged. It compares elderly families with unattached individuals and women with men. It looks at income and poverty statistics, and takes into account non-money sources of income - subsidies and services for the aged provided mainly by government - as well the fact that many elderly Canadians own mortgage-free homes. We also examine trends in demographic, poverty and income statistics, and compare the aged with the population as a whole.

The report draws heavily on information from two sources. The first chapter, "Demographics: the Aged Boom", is based largely on data from the 1981 and earlier Censuses. The second and third chapters, which analyze poverty and income statistics, use published and unpublished data from Statistics Canada's Survey of Consumer Finances. The most recent statistics, for 1982, come from the report Income Distributions By Size in Canada, Preliminary Estimates, 1982. We also use unpublished data for 1981 from the 1982 Survey of Consumer Finances (1981 income, economic families, microdata tape).

The Council is indebted to the Analytical Services Division, Policy, Planning and Information Branch, Health and Welfare Canada, which performed computer runs, and to the Consumer Income and Expenditure Division, Statistics Canada, for its technical assistance. All computations were done by the National Council of Welfare, which is solely responsible for the analysis and interpretation of the data presented in this report.

We define the 'aged' in the conventional sense as persons 65 or older. The section "Living Arrangements" in the first chapter is based on the Census, which defines a 'family' as a husband, wife and any unmarried children, or a single parent and unwed children. However the remaining chapters use data from the Survey of Consumer Finances, which defines an 'economic family' as "a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption"; this concept is broader than the Census definition of family.² A 'head of family' is defined as follows: in married couples, the husband is the head; in single-parent families with unwed children, the parent is the head; in single-parent families with married children, the member who is mainly responsible for the maintenance of the family is the head; and in families where relationships are other than spousal or parental, normally the eldest is the head.

In addition to families, we speak of 'unattached individuals'. Statistics Canada defines an unattached individual as a person "living alone or in a household where he/she is not related to other household members". The term 'family unit' means families and unattached individuals.

'Income' includes income from wages and salaries (before deductions for income taxes, Canada or Quebec Pension Plan contributions and unemployment insurance premiums), net income from self-employment, investment income, pensions and government transfer payments. The National Council of Welfare employs Statistics Canada's low income cut-offs (1978 base) as poverty or low-income lines (we use the terms synonymously).³ 'Poor' or 'low-income' families and unattached individuals have incomes at or below the low-income lines, while the 'non-poor' have incomes above the low-income lines.

TABLE 1

NUMBER OF AGED CANADIANS AND THEIR SHARE OF THE POPULATION, TRENDS AND PROJECTIONS, 1901 TO 2001

Year	Number of aged	Share of population
1901	1,171,000	10.0
1911	1,312,000	10.3
1921	1,444,000	10.5
1931	1,512,000	10.6
1941	1,571,000	10.7
1951	1,600,000	10.7
1961	1,641,000	10.7
1971	1,744,000	10.7
1981	1,812,000	10.7
1991	1,882,000	10.7
2001	1,901,000	10.7
2011	1,912,000	10.7
2021	1,912,000	10.7
2031	1,912,000	10.7
2041	1,912,000	10.7
2051	1,912,000	10.7
2061	1,912,000	10.7
2071	1,912,000	10.7
2081	1,912,000	10.7
2091	1,912,000	10.7
2101	1,912,000	10.7

NUMBER OF AGED CANADIANS AND THEIR SHARE OF THE POPULATION, TRENDS AND PROJECTIONS, 1901 TO 2001

DEMOGRAPHICS: THE AGED BOOM

Most Canadians have heard that the 'baby boom' of the 'fifties' has given way to an 'aged boom' in the 'eighties'. Less well known, however, is the remarkable size and pace of growth in the elderly population.

An Aging Canada

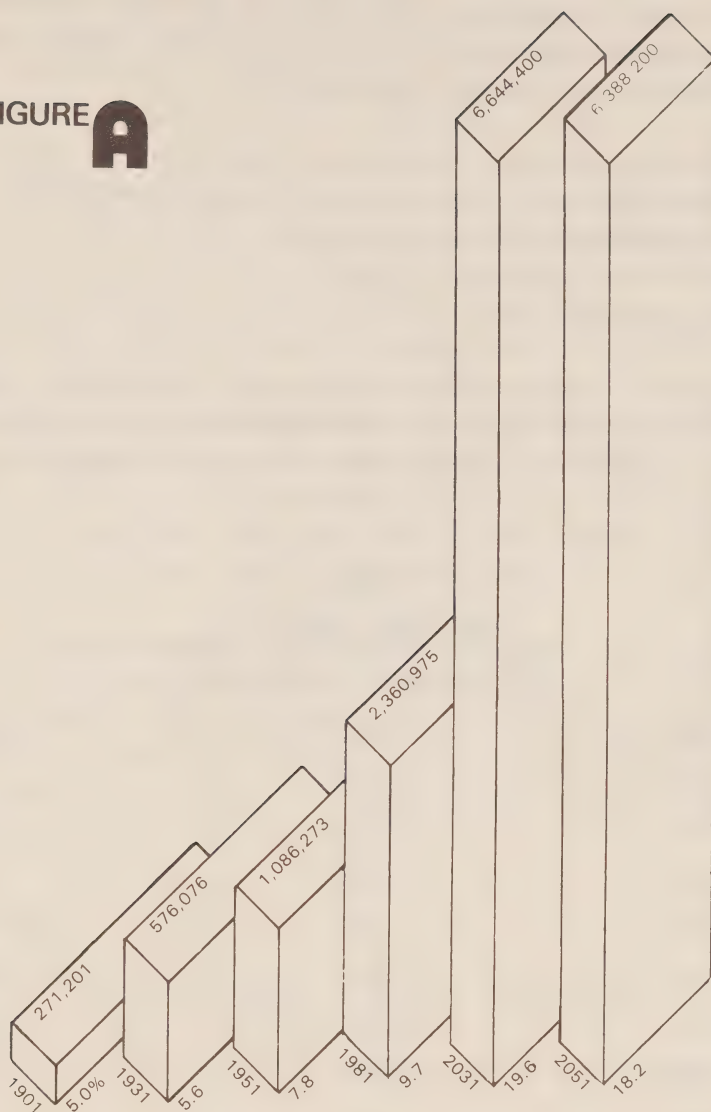
At the turn of the century, this country's 271,201 aged made up only 5 percent of the total population. By mid-century, their numbers had passed the one million mark and their share of the population had risen to 7.8 percent. The 1981 Census counted 2,360,975 people 65 and older, or 9.7 percent of all Canadians. The most recent estimates, for June 1983, put the elderly at 2,496,500 - 10 percent of the population.⁴

TABLE 1

NUMBER OF AGED CANADIANS AND THEIR SHARE OF THE POPULATION,
TRENDS AND PROJECTIONS, 1901 TO 2051 ^{4,5}

	<u>Number of Aged</u>	<u>Aged as a Percentage of the Population</u>
1901	271,201	5.0%
1911	335,317	4.7
1921	420,244	4.8
1931	576,076	5.6
1941	767,815	6.7
1951	1,086,273	7.8
1961	1,391,154	7.6
1971	1,744,405	8.1
1981	2,360,975	9.7
1991	2,985,900	11.1
2001	3,504,000	12.0
2011	4,074,100	13.1
2021	5,379,200	16.4
2031	6,644,400	19.6
2041	6,539,400	18.9
2051	6,388,200	18.2

FIGURE **A**



NUMBER OF AGED CANADIANS AND
THEIR SHARE OF THE POPULATION,
TRENDS AND PROJECTIONS, 1901 TO 2051

The elderly are forecast to reach 3.5 million or 12 percent of the population in 2001. By the year 2031, there will be in the order of 6.6 million aged men and women who will account for about 20 percent of all Canadians - double their current proportion.⁵

The aging of Canada's population is phenomenal. In 1901, only one person in twenty was 65 or older. Today one in ten is aged. Fifty years from now, one Canadian in five will be elderly.

A Rapid Rate of Growth

The full Census is taken every ten years, so there have been nine comprehensive counts of Canadians so far this century. Table 2 compares the increase in the number of elderly persons to that of the population as a whole.

TABLE 2
PERCENTAGE INCREASE IN
NUMBER OF AGED AND ALL CANADIANS,
BY DECADE, 1901 TO 1981 ⁴

<u>Period</u>	<u>Aged</u>	<u>All</u>
1901 - 1911	23.6%	34.2%
1911 - 1921	25.3	21.9
1921 - 1931	37.1	18.1
1931 - 1941	33.3	10.9
1941 - 1951	41.5	21.8
1951 - 1961	28.1	30.2
1961 - 1971	25.4	18.3
1971 - 1981	35.3	12.9
1901 - 1981	770.6	353.2

Between 1901 and 1981, the entire population rose from 5.4 million to 24 million, an increase of 353 percent. The number of elderly Canadians went from 271,201 in 1901 to 2,360,975 in 1981, a much larger increase of 771 percent. Over the past eighty years, then, the growth in the number of aged has been more than double that of the population as a whole.

With the exception of the periods 1901-1911 and 1951-1961, the elderly grew proportionately more than the overall population in every decade. During the 'seventies, the elderly increased by over 600,000 persons, swelling their ranks by 35 percent. In contrast, the number of Canadians of all ages rose by only 13 percent from 1971 to 1981.

The pace of growth among Canadians 65 and older has quickened during the past twenty years. From 1961 to 1966, the number of aged increased by 10.7 percent. Between 1966 and 1971, their ranks enlarged by 13.3 percent. The elderly grew even faster in the 'seventies - by 14.8 percent from 1971 to 1976 and by 17.9 percent between 1976 and 1981.

In contrast, the growth in the population as a whole has been slowing over the past twenty years - 9.7 percent from 1961 to 1966, 7.8 percent from 1966 to 1971, 6.6 percent from 1971 to 1976 and 5.9 percent between 1976 and 1981. The 18 percent rise in the number of elderly Canadians from 1976 to 1981 was three times greater than the increase in the whole population.

The Older Aged

It is not only Canadian society that is growing older: so is the aged population itself. More and more elderly persons are living well past 65, to the point where an increasing number are in fact the parents of aged children.

The 1981 Census counted 883,230 men and women 75 years and older. The over-75's could reach a million and a half by 2001 and three to four million by the year 2041. Their share of the elderly population has increased steadily as well, from 31 percent in 1951 to 37 percent in 1981 and a projected 50 to 55 percent by 2041.⁶

Table 3 divides the elderly population into five age groups and compares their size in 1901 with the results of the latest Census. The number of Canadians aged 65 to 69 increased almost seven times from 1901 to 1981. Each successive age group has seen a proportionately larger increase over the past eighty years. The number of elderly persons between 70 and 74 multiplied more than seven times between 1901 and 1981; those 75 to 79, eight times; those 80 to 84, nine times; and those 85 and over, a remarkable thirteen times.

TABLE 3
GROWTH IN NUMBER OF AGED,
BY AGE GROUP,
1901 TO 1981⁴

<u>Age Group</u>	<u>1901</u>	<u>Number</u> <u>1981</u>	<u>Percentage</u> <u>Increase</u>
65 - 69	106,470	844,330	693%
70 - 74	76,870	633,415	724
75 - 79	48,100	432,655	799
80 - 84	25,984	256,790	888
85 and over	13,777	193,785	1,307
all aged	271,201	2,360,975	771

Women

Another striking trend is the rapidly expanding population of elderly women. In 1901, women accounted for 48.8 percent of persons 65 and older. Their proportion increased to 49.2 percent in 1951, 51.5 percent by 1961, 55.2 percent in 1971 and 57.2 percent in 1981. By 2001, six in every ten aged Canadians will be women.⁷

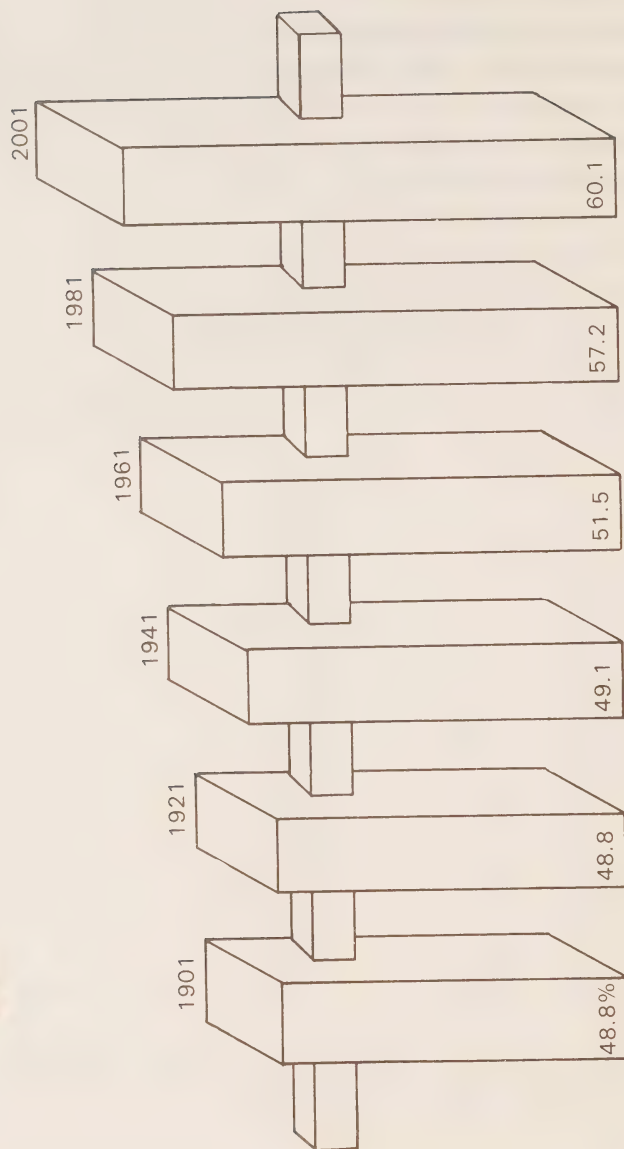
TABLE 4

WOMEN AS A PROPORTION OF THE AGED,
BY AGE, 1901 TO 2001⁷

	<u>Women as a Percentage of</u>	
	<u>All Aged</u>	<u>75 and Older</u>
1901	48.8%	49.3%
1911	49.1	50.1
1921	48.8	51.3
1931	48.9	50.8
1941	49.1	51.8
1951	49.2	51.8
1961	51.5	52.5
1971	55.2	58.0
1981	57.2	61.6
1991	59.3	63.6
2001	60.1	65.5

Today 62 percent of Canadians 75 and older are women. By 2001, two-thirds of the older aged will be women.

FIGURE B



WOMEN AS A PROPORTION
OF THE AGED, 1901 TO 2001

The numerical increase in elderly women has been marked. While the number of aged men rose from 138,913 in 1901 to 1,010,850 in 1981 - a 628 percent increase - the population of elderly women went up even more, from 132,288 to 1,350,125 for a 921 percent increase over eighty years.

TABLE 5
GROWTH IN THE NUMBER OF AGED,
BY SEX, 1901 TO 1981 ⁴

	<u>1901</u>	<u>Number</u> <u>1981</u>	<u>Percentage</u> <u>Increase</u>
Aged men	138,913	1,010,850	628%
Aged women	132,288	1,350,125	921
All aged	271,201	2,360,975	771
All Canadians	5,371,315	24,343,180	353

Women also have increased their share of each age group within the elderly population. Dividing those 65 and over into five age categories - 65 to 69, 70 to 74, 75 to 79, 80 to 84, and 85 and older - we find that women made up less than half of each age group except the oldest in 1901, whereas in 1981 they comprised more than half of every age group. And the proportion of women goes up with increasing age - from 53.7 percent of persons 65 to 69 to over two-thirds of those 85 and older in 1981.

TABLE 6
MEN AND WOMEN AS PERCENTAGE OF AGED,
BY AGE GROUP, 1901 AND 1981 ⁴

<u>Age Group</u>	<u>1901</u>		<u>1981</u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
65 - 69	51.6%	48.4%	46.3%	53.7%
70 - 74	51.2	48.8	44.4	55.6
75 - 79	51.4	48.6	41.7	58.3
80 - 84	50.7	49.3	37.0	63.0
85 and over	48.3	51.7	32.8	67.2
All aged	51.2	48.8	42.8	57.2

The pace of growth in the ranks of elderly women has been accelerating in recent years. The number of women 65 and over rose by 17 percent between 1971 and 1976 and by 20 percent from 1976 to 1981. Elderly men also increased in numbers, but not as much as women - 12 percent from 1971 to 1976 and 15.5 percent between 1976 and 1981.

Behind the Numbers

What explains the aging of Canada's population, especially the marked increase in the older aged and elderly women? Three factors stand out - birth rates, immigration and life expectancy.

The birth rate has declined from 31 births per 1,000 persons during the early 1900's to about 16 births per 1,000 today. The current elderly are the product of the high birth rate period before the end of World War One.

The decline in the birth rate means that the population is not as large as it would have been if the high birth rates which produced today's aged had remained in effect for the rest of the century. As a result, the aged have increased relative to the overall population.

While the high birth rate in the early part of this century helps account for the substantial growth in the aged to date, the upswing in the birth rate during the late 'forties and the 'fifties will spur rapid expansion of the elderly during the first three decades of the next century. The baby boom generation will reach old age and will number every fifth Canadian in its ranks by 2031.

Immigration played a dominant role in Canada's growth in the earlier part of the century. More than four million people entered the country between 1901 and 1931, and they accounted for over 80 percent of the

increase in the population.⁸ Most of those immigrants were in their 20's or early 30's when they arrived; some have died, but most are alive and over 65. Moreover from 1931 to 1948 more women than men immigrated, a fact which helps explain the rising preponderance of women among the elderly.⁹

The third and most important reason for both the past and future expansion of the aged is increased life expectancy. A combination of factors - better living standards (nutrition, housing and sanitation in particular), the development of immunization to prevent and antibiotics to treat infectious diseases that used to be the major cause of death, and accessible health care - have lowered the death rate at infancy and beyond, and thereby improved considerably the chances of surviving to old age. In 1931, the average baby boy could expect to live to 60, and a girl to 62. By 1976, life expectancy at birth had increased to 70.2 years for males and 77.5 years for females.¹⁰ By the turn of the next century, average lifespans are predicted to reach about 72 years for men and 81 for women.¹¹

Women live longer on average than men, which explains why there are more aged women than men and why the proportion of elderly women rises with increasing age. Women's life expectancy has improved more than men's; women gained 15.4 years in average lifespan between 1931 and 1976 as opposed to 10.2 years for men. As a result, the life expectancy gap between women and men widened from 2.1 years in 1931 to 7.3 years in 1976.

Table 7 shows life expectancies at ages 65 and 75 as well as at birth. Women who reach the age of 65 live on average 18 more years - over 4 years longer than in 1931. On the other hand, men who turn 65 can expect to live 14 more years - 4 years fewer than women and only 1 year longer than in 1931. The same difference between the sexes applies for life expectancy at age 75; 75-year-old women live on average 11 years longer (3 years more than in 1931), whereas men who survive to 75 live an average of 8.6 more years, only a year longer than they did in 1931.

TABLE 7

LIFE EXPECTANCY AT BIRTH, 65
AND 75, BY SEX, 1931 TO 1976 ¹⁰

<u>At birth</u>	<u>Years</u>		<u>difference</u>
	<u>women</u>	<u>men</u>	
1931	62.1	60.0	2.1
1941	66.3	63.0	3.3
1951	70.8	66.3	4.5
1961	74.2	68.4	5.8
1971	76.4	69.3	7.1
1976	77.5	70.2	7.3
increase 1931-1976	15.4	10.2	5.2
<u>At 65</u>			
1931	13.7	13.0	0.7
1941	14.1	12.8	1.3
1951	15.0	13.3	1.7
1961	16.1	13.5	2.6
1971	17.5	13.7	3.8
1976	18.0	14.0	4.0
increase 1931-1976	4.3	1.0	3.3
<u>At 75</u>			
1931	8.0	7.6	0.4
1941	8.2	7.5	0.7
1951	8.7	7.9	0.8
1961	9.5	8.2	1.3
1971	10.6	8.5	2.1
1976	11.0	8.6	2.4
increase 1931-1976	3.0	1.0	2.0

Whether this imbalance between women and men will continue to grow is a matter of debate. Two contrary forces - one social, the other biological - appear to be at work. Evidence from countries such as Denmark and the Netherlands, which are farther along in the population aging process than Canada, suggests that the mortality rate among elderly women is increasing and moving towards that of men. More and more women are joining the paid labor force and exposing themselves to occupational stress (exacerbated, in many cases, by their continuing responsibilities as housekeepers and mothers) and the vices - smoking, drinking, lack of exercise - associated with men's shorter lifespan. On the other hand, a possible countervailing physiological fact of life is that men simply wear out sooner than women, who have a superior constitution more resistant to disease and physical deterioration.¹²

For the foreseeable future, in any case, women will make up an increasing proportion of Canada's aged population, especially the older elderly. By the year 2001, there will be more than one million women 75 and over, and they will outnumber men in their age group by two to one.

Marital Status

Another significant difference between elderly men and women - one that, as we shall see later, has a lot to do with their unequal economic positions - is that most men are married whereas most women are single. Table 8 compares their marital status.¹³ The category 'single' adds the results for never married, widowed and divorced.

TABLE 8
MARITAL STATUS OF AGED, BY SEX, 1981 ¹³

	Men		Women	
	No.	Percent	No.	Percent
Never married	85,925	8.5%	128,505	9.5%
Widowed	142,820	14.1	662,210	49.0
Divorced	18,120	1.8	20,705	1.5
Single*	246,865	24.4	811,420	60.1
Married	763,995	75.6	538,715	39.9
Total	1,010,860	100.0	1,350,135	100.0

*The sum of never married, widowed and divorced.

Six in ten elderly women are single, whereas three in every four aged men are married. The proportions of never married and divorced persons are similar for both sexes. However the percentage of widows (49 percent of all aged women) far outweighs that of widowers (14 percent). The reasons for this large differential between the sexes are really quite simple.

Most elderly men and women are married when they begin their old age. However most married women become widows because they tend to marry men older than themselves and to outlive their husbands. The chances of elderly widows remarrying are slim (and decline as they grow older), in part because there are relatively few eligible older men; most aged men are already married, and in any case there are simply fewer elderly men than women. And widowers are more likely than widows to marry again.

Table 9 compares the marital status of elderly men and women in different age groups. Even among women 65 to 69 years of age, three in ten are widows; 44 percent of those between 70 and 74 are widows, and the proportion climbs steadily to 85 percent of women 90 and over. In contrast, the proportion of elderly widowers is a mere 6.7 percent among men 65 to 69 and rises to only 55.5 percent of those 90 and older. While the percentage of aged women who are married shrinks with increasing age, the decline among men is much less marked. Even among men as old as 85 to 89, half are still married as opposed to only 10 percent of women in the same age group.

TABLE 9

MARITAL STATUS OF AGED
BY AGE AND SEX, 1981 13

Age group	Never married		Widowed		Divorced		Single*		Married	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
65 - 69	8.0%	8.5%	6.7%	31.5%	2.3%	2.4%	17.0%	42.4%	83.0%	57.6%
70 - 74	8.4	9.6	10.8	44.1	1.8	1.7	21.1	55.4	78.9	44.6
75 - 79	9.3	10.3	17.3	57.5	1.4	1.1	28.0	68.8	72.0	31.2
80 - 84	9.2	10.3	27.7	70.2	1.1	0.6	37.9	81.1	62.1	18.9
85 - 89	8.6	10.2	40.5	79.0	0.7	0.4	49.8	89.6	50.2	10.4
90 and older	9.1	10.4	55.5	84.7	0.5	0.2	65.0	95.3	35.0	4.7

* 'Single' is the sum of never married, widowed and divorced

Living Arrangements

Table 10 shows the living arrangements of elderly men and women. The category 'own family' refers to persons 65 and older who are family heads, spouses or the children of very old parents. The other category, 'not in their own family', covers four arrangements: living alone (the only occupant of a separate private dwelling); living with relatives other than a spouse or parent (e.g., an elderly uncle or aunt living with a nephew or niece); living with non-relatives (e.g., two elderly persons sharing a house or apartment); and living in a collective dwelling (e.g., an old age home or chronic-care hospital).¹⁴

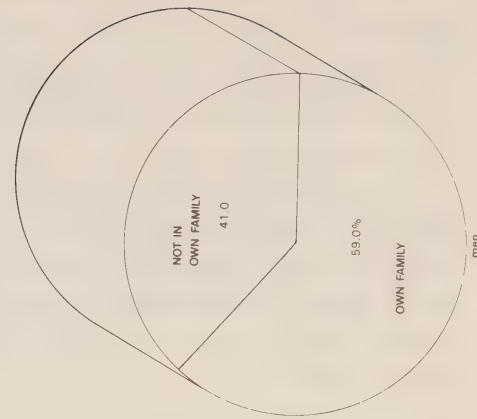
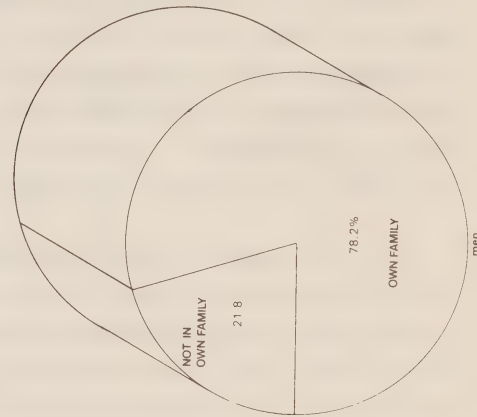
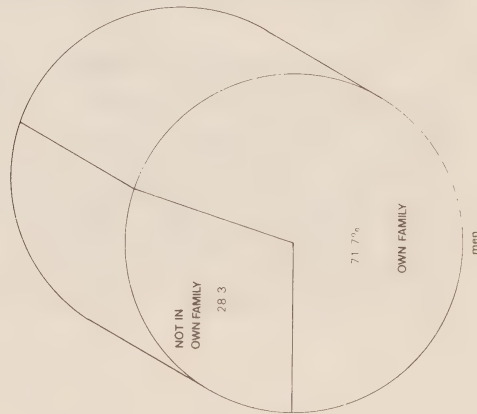
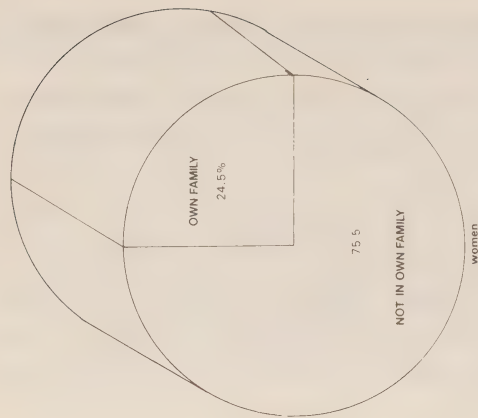
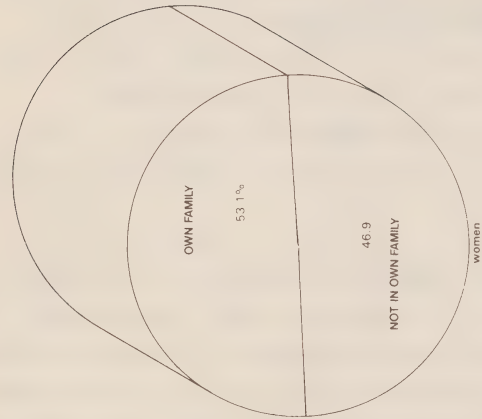
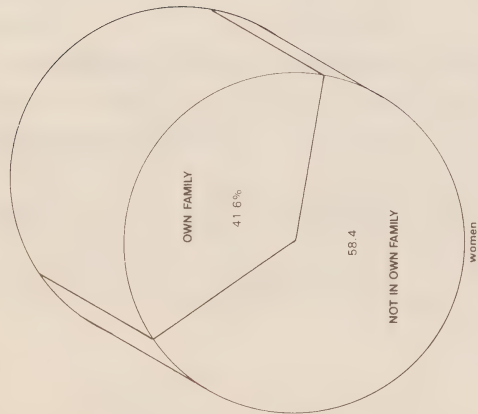
TABLE 10
LIVING ARRANGEMENTS OF THE AGED,
BY SEX AND AGE, 1981¹⁴

	<u>All Aged</u>		<u>65-74</u>		<u>75 and Older</u>	
	<u>men</u>	<u>women</u>	<u>men</u>	<u>women</u>	<u>men</u>	<u>women</u>
Own Family	71.7%	41.6%	78.2%	53.1%	59.0%	24.5%
Not in own Family	28.3	58.4	21.8	46.9	41.0	75.5
alone	13.0	32.2	11.3	29.8	16.2	35.7
with relative	5.6	12.8	4.3	10.3	8.3	16.5
with non-relative	2.6	2.5	2.4	2.5	2.9	2.5
collective dwelling*	6.6	10.4	3.3	3.7	13.1	20.2
other	0.5	0.5	0.5	0.6	0.5	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

* e.g., hospital, old age home, hotel or rooming house.

The living arrangements of elderly men are very different from those of women, again because women tend to outlive men. Most aged men (72 percent) live in their own families, whereas the majority of elderly women (58 percent) do not. A sizeable group of aged women (32 percent) lives alone, and another 13 percent with relatives. A larger percentage of elderly women than men lives in collective dwellings (10.4 percent versus 6.6 percent).

LIVING ARRANGEMENTS OF THE
AGED, BY SEX AND AGE, 1981



all aged

65-74

75 and older

Age also influences the living arrangements of elderly Canadians. Both men and women 75 and older are less likely to live in their own families than those aged 65 to 74. A larger proportion of the over-75's lives alone, with relatives or in old age homes and other types of collective dwelling.

These differences are not unexpected. The older aged run a higher risk of being widowed and therefore moving in with relatives, entering an institution or living on their own. Increasing age also tends to bring ill health and infirmity, as reflected in the large proportion (20 percent) of women 75 and over who live in collective dwellings (mainly hospitals and nursing homes).

The growth in the aged who live alone - most of them women - is a development with major economic and social implications. In just twenty years, the proportion of Canadians 65 and over living alone has doubled (from 12 percent in 1961 to 24 percent in 1981). The number and percentage of elderly women living on their own have been increasing rapidly. At last count, 434,640 women - 32 percent of all elderly women - lived alone, compared to 131,070 or 13 percent of aged men.

The elderly living alone will continue to increase for some time to come. The aged population as a whole will expand until well into the next century, and a growing number who are widowed, unmarried or divorced prefer to live on their own rather than with a friend or relative or in an institution. In addition, the proportion of elderly women living alone will continue to rise at a faster pace than that of men.

Improvements in income, subsidies and services (examined later in this report) have helped make it possible for more and more over-65's to live alone. The traditional practice of elderly Canadians living with their adult children or other relatives has become the exception rather than the rule. Families today have fewer children on average than in the past, so in future the combination of larger numbers of the aged with relatively fewer adult children will reinforce the trend of living alone in old age. ¹⁵

The Aged by Province and Territory

Table 11 displays three types of information about the elderly according to province or territory of residence. The first column gives the number of persons 65 and over in each province. The second column shows the relative size of the aged population in every province (i.e., the number of elderly persons as a percentage of each province's total population). The last column calculates each province's share of Canada's aged population (i.e., the number of elderly residents of each province as a percentage of all aged Canadians).

TABLE 11
CANADA'S AGED,
BY PROVINCE AND TERRITORY, 1981 ¹³

	<u>Number</u>	<u>As Percentage of Population</u>	<u>As Percentage of Aged</u>
Newfoundland	43,780	7.7%	1.9%
Prince Edward Island	14,895	12.2	0.6
Nova Scotia	92,555	10.9	3.9
New Brunswick	70,555	10.1	3.0
Quebec	569,380	8.8	24.1
Ontario	868,190	10.1	36.8
Manitoba	121,820	11.9	5.2
Saskatchewan	116,170	12.0	4.9
Alberta	163,395	7.3	6.9
British Columbia	298,175	10.9	12.6
Yukon	735	3.2	*
Northwest Territories	1,320	2.9	*
CANADA	2,360,975	9.7	100.0

* Less than one-tenth of one percent.

Among the provinces, Prince Edward Island, Manitoba and Saskatchewan have the largest concentrations of aged residents (12 percent of their population) while Alberta, at 7.3 percent, has the smallest. Newfoundland and Quebec also have elderly percentages below the national average. The aged constitute a very small proportion of the population in the Northwest Territories (2.9 percent) and the Yukon (3.2 percent).

Most aged Canadians (73.5 percent), like the population as a whole, live in Ontario, Quebec or British Columbia. Ontario's 868,190 elderly residents account for more than one-third of Canada's elderly.

The International Context

Despite the remarkable growth in Canada's elderly, most other industrialized nations have larger aged populations. Table 12 shows the percentage of people aged 65 and over in the United States, Japan and major European countries.¹⁶

TABLE 12

AGED AS PERCENTAGE OF POPULATION,
BY COUNTRY, 1981 OR NEAREST YEAR ¹⁶

Japan	8.8%
Canada	9.7
United States	11.4
Netherlands	11.5
France	13.5
Italy	13.5
Denmark	14.4
Norway	14.8
United Kingdom	15.0
West Germany	15.5
Sweden	16.3

Among the countries listed, only Japan has a smaller aged population than Canada. However by the turn of the next century, our elderly will have increased to the point where they will represent an estimated 12 percent of the Canadian population, a figure not far off the projected 12.8 percent for developed nations. Note also that in three provinces - Saskatchewan, Manitoba and Prince Edward Island - the aged already form 12 percent of the population, a proportion much closer to the European countries than the 9.7 percent figure for all of Canada.

The Dependency Burden

Canada's aged are not just growing in numbers. They are also forming an ever-larger proportion of the population. Their share doubled from 5 percent in 1901 to an estimated 10 percent in 1983, and will double again to 20 percent by the year 2031.

Some observers have drawn pessimistic conclusions from the demographic trends, warning that by sheer weight of numbers the future aged will overwhelm the retirement income system, health care, social services and other sources of support. They foresee a bleak future in which retired Canadians will gobble up more and more of society's resources and place an intolerable burden on the working population.

This doomsday scenario has elements of truth, but it is exaggerated and incomplete. A closer look at the statistics shows that the aging of Canada's population is neither as precipitous nor permanent as some alarmists would have us believe.

The elderly will steadily increase until 2031. After that point, however, they will decline both in numbers and as a proportion of the population. As Table 1 indicated, the aged will peak at 6.6 million in 2031 and then gradually decrease to 6.5 million in 2041 and less than 6.4

million by 2051. Their share of the population will go from 19.6 percent in 2031 to 18.9 percent in 2041 and a projected 18.2 percent in 2051.

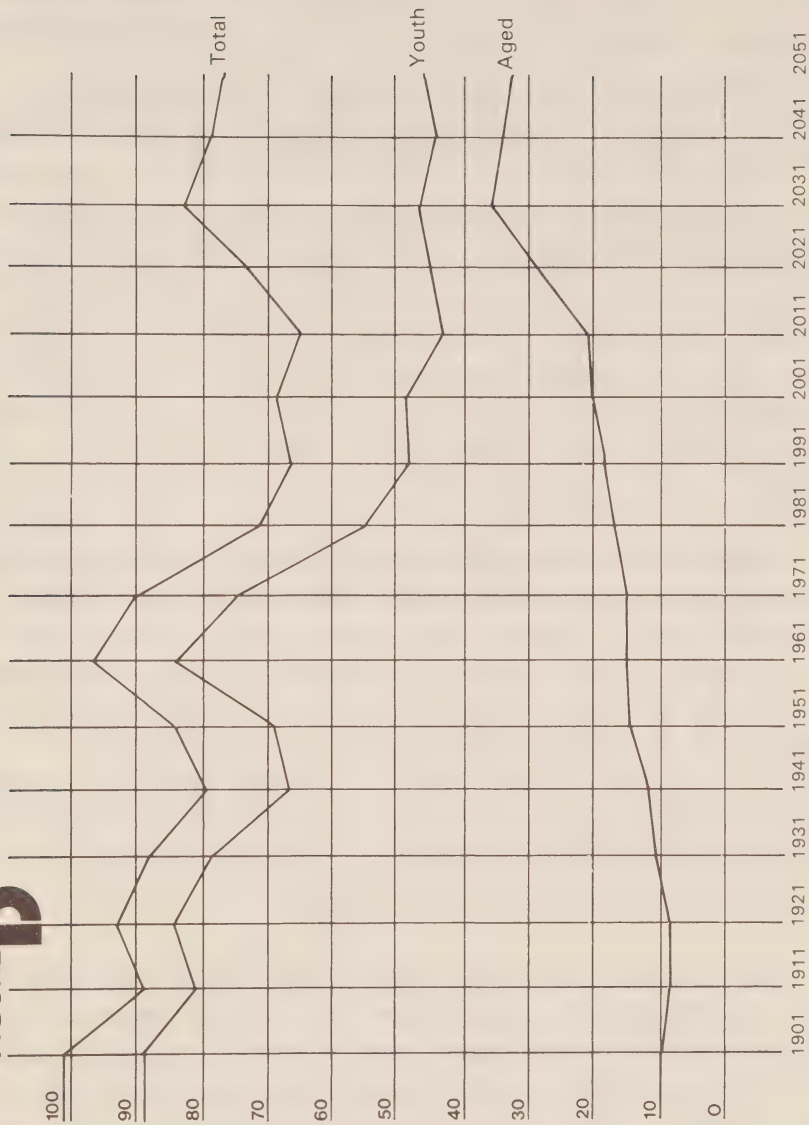
The decrease in the aged after 2031 will occur as the baby boom generation that swelled their ranks begins to die off. Because the baby-boomers are not reproducing as prolifically as their parents, there are now comparatively fewer children than in the past. Today schools are closing because there are not enough youngsters to fill them; by the middle of the next century, we may well witness a shortage in clients for old age homes built for the baby boom elderly.

The dependency argument hinges on the fact that the elderly are increasing faster than the population of working age. The rise in the 'old age dependency ratio' - the number of aged relative to the number of persons of working age - is often cited as evidence of the mounting burden of the elderly on society.

Figure D illustrates three dependency ratios from the beginning of this century to the middle of the next.¹⁷ The bottom line shows the number of Canadians 65 and over in relation to those of working age (20 to 64). The middle line plots the 'youth dependency ratio' - those 19 and younger as a proportion of the 20 to 64 age group. The top line, the 'total dependency ratio', depicts the young and old combined as a percentage of the population of working age.

The old age dependency ratio has increased over time. In 1901 the ratio was 10.1, which means there were 10 aged persons for every 100 of working age. The ratio dipped slightly to 8.8 in 1911 but has risen steadily ever since. Today there are 17 elderly Canadians for every 100 between 20 and 64, and the ratio is projected to be 32.5 by the middle of the twenty-first century. A generation from now, the aged will be substantially larger relative to the working age population.

FIGURE P



DEPENDENCY RATIOS — AGED,
YOUTH AND TOTAL, 1901 TO 1981

The old age dependency curve gives two additional pieces of significant information. The ratio of the elderly to the working age population will continue to increase gradually for the next thirty years, then will escalate rapidly from 2011 to 2031. However the old age dependency ratio will decline after 2031 as the number of elderly people diminishes due to the waning of the baby boom generation.

The middle line in Figure D illustrates the youth dependency ratio over time. At the beginning of this century, there were 89 young people for every 100 aged 20 to 64. The curve moved up and down until 1941, then climbed to 82.7 in 1961 because of the baby boom. The youth dependency ratio has dropped significantly since 1961. Today there are 55 young Canadians for every 100 of working age. The ratio will continue to decrease to about 44 percent in 2011 and will remain in the mid-forty range until 2051.

The top line in Figure D shows the young and old together as a proportion of the working age population. The ratio was high in 1901 (99.3) and 1961 (97.8), when there were almost as many young and old Canadians together as those 20 to 64. The decline in the youth dependency ratio since 1961 has been more pronounced than the increase in the old age dependency ratio, so the total dependency ratio has diminished substantially since 1961 and will continue to decline until the year 2011. It then will angle up steeply until 2031, mainly as a result of the rising ratio of old people to those of working age, and will slope downward after 2031 with the decrease in the elderly population.

The dependency ratios presented in Figure D offer some revealing insights into the aging of the population. We still have about thirty years before the ratio of the aged to those of working age begins its rapid ascent - valuable time that can and must be used to improve the pension system and prepare for the increased demand on housing, health care, social

services and other provisions for the elderly. There will be a critical twenty year period between 2011 and 2031, but the situation will begin to ease thereafter.

The decline in the total dependency ratio - the young and old combined relative to the working age population - is no cause for complacency. The aged account for about three times as much public spending as young persons on a per capita basis, largely because the over-65's consume a larger slice of income security and health care budgets. Per capita spending on the aged will grow in future as a result of their increasing pressure on the health system and anticipated improvements in government programs and services.

Therefore the decline in the proportion of young people will only partly offset the increasing cost of our aging population, and that for only thirty years longer.¹⁸ From 2011 to 2031, both the aged and total dependency ratios will rise sharply, posing a formidable though not insurmountable challenge to Canadian society.

HOW POOR ARE CANADA'S AGED?

An astonishing number of this country's aged are poor. In 1981, by conservative estimate, 604,000 elderly citizens - 415,000 women and 189,000 men - were below the poverty line.¹⁹ One aged Canadian in four lives on a low income.

This chapter analyzes the low-income statistics from three angles. The first section examines the risk of poverty for families with aged heads and for unattached individuals 65 and older according to their sex, age and province of residence. The second part focusses on the elderly poor and compares them with the aged population as a whole. The last section presents both recent and longer-term trends in poverty among the aged.

One conclusion stands out from all the facts and figures: Poverty in old age is largely a women's problem, and is becoming more so every year.

The Risk of Poverty

In 1982 an estimated 98,000 elderly families - 11.7 percent of all those headed by a person 65 or older - had incomes below the poverty line. The risk of poverty is much greater for the unattached elderly: 57.7 percent or 422,000 were poor.²⁰ In fact the unattached aged are five times more likely to be poor than the aged in families.

Elderly Canadians traditionally have run a greater risk of poverty than those under 65. In 1982, for the first time since low-income statistics have been published, the poverty rate for families with aged heads (11.7 percent) was lower than the figure for families with non-aged heads (14.2 percent). However the unattached elderly continue to face much higher odds of living below the poverty line than the non-aged unattached;

57.7 percent of unattached individuals 65 and over were poor in 1982, as opposed to only 30.9 percent of those under 65.

TABLE 13
LOW-INCOME FAMILIES AND UNATTACHED
INDIVIDUALS, BY AGE AND SEX OF HEAD,
PRELIMINARY ESTIMATES, 1982 ²⁰

<u>Families</u>	<u>Aged</u>		<u>Non-Aged</u>	
	<u>Poverty Rate</u>	<u>Number</u>	<u>Poverty Rate</u>	<u>Number</u>
female head	24.6%	21,000	48.2%	307,000
male head	10.2	77,000	9.9	507,000
total	11.7	98,000	14.2	814,000
<u>Unattached</u>				
<u>Individuals</u>				
female	60.4	337,000	32.2	297,000
male	48.9	85,000	29.7	300,000
total	57.7	422,000	30.9	597,000

women

Poverty is more common among elderly women than men. One-quarter of families headed by women over 65 were low-income in 1982, compared to only one-tenth of those led by elderly men.

Unattached elderly women - most of them widows - outnumber unattached men in their age group by over three to one. They also face a higher risk of poverty. In 1982, an estimated 60.4 percent of unattached elderly women were poor, compared to 48.9 percent of unattached men 65 and older.

the older aged

Increasing age raises the risk of poverty for elderly Canadians who are unattached. While the incidence of poverty among unattached men and women aged 65 to 69 is high - 50.2 percent were poor in 1981 - it is even higher for those 70 years and older - 61.6 percent, the highest low-income rate of all age groups in 1981. The large majority of elderly unattached persons below the poverty line - close to eight in ten - are over 70 years of age.

TABLE 14

POVERTY RATES, AGED FAMILIES AND UNATTACHED
INDIVIDUALS, BY AGE AND SEX OF HEAD, 1981 ²¹

<u>Families</u>	<u>65 - 69</u>	<u>70 plus</u>	<u>All aged</u>
female head	27.1%	23.5%	24.7%
male head	14.3	11.9	12.9
total	15.6	13.6	14.5
<u>Unattached</u>			
<u>Individuals</u>			
female	53.9	64.9	62.2
male	40.5	51.4	48.4
total	50.2	61.6	58.6

The odds are discouraging for old women. Sixty-five percent of unattached women aged 70 and over were poor in 1981. ²¹

The poverty rate for families headed by persons aged 70 or older is somewhat lower than for those with heads between 65 and 69. For both age groups, however, families led by women run close to double the risk of poverty as those with male heads.

by province

The risk of poverty for elderly Canadians also varies according to where they live. In 1981, elderly families in the Atlantic provinces and Quebec had poverty rates above the 14.5 percent national average. Aged families in Quebec showed the highest incidence of poverty - more than two in ten were poor at last count - followed by Newfoundland at 17.7 percent. Only one elderly family in ten was low-income in Ontario, Alberta and British Columbia. Table 15 gives the results.²²

TABLE 15

POVERTY RATES, AGED AND NON-AGED
FAMILIES AND UNATTACHED INDIVIDUALS, BY PROVINCE, 1981²¹

	<u>Families</u>		<u>Unattached Individuals</u>	
	<u>Aged</u>	<u>Non-aged</u>	<u>Aged</u>	<u>Non-Aged</u>
Newfoundland	17.7%	17.3%	*	30.2%
Prince Edward Island	*	16.4	*	32.8
Nova Scotia	17.6	15.0	54.1%	35.9
New Brunswick	15.7	17.9	58.6	36.7
Quebec	22.2	13.8	70.6	39.1
Ontario	10.6	9.9	52.2	26.3
Manitoba	13.8	14.7	57.3	28.6
Saskatchewan	13.6	15.2	57.2	27.3
Alberta	10.5	8.1	51.9	20.6
British Columbia	10.1	9.2	56.2	26.7
CANADA	14.5	11.6	58.6	29.4

* Not available due to insufficient sample size.

The national poverty rate for unattached individuals 65 and older was high in 1981: fifty-nine percent had incomes below the low-income line. Seventy-one percent of the unattached aged living in Quebec were poor - the highest proportion in Canada. Even in Alberta, the province with the lowest figure, more than half of elderly unattached residents were poor in 1981.

Table 15 compares low-income rates for aged and non-aged families and unattached individuals in each province. (Estimates for elderly family units in Prince Edward Island and for the unattached aged in Newfoundland are not available due to insufficient sample size).

In most provinces and the country as a whole, elderly families ran a greater risk of poverty than families with heads under 65 in 1981. The exceptions were New Brunswick, Manitoba and Saskatchewan, where non-aged families had a higher incidence of poverty than those with elderly heads.

On a national basis, elderly unattached persons faced twice the risk of poverty as non-aged unattached individuals. The same pattern held for each province for which estimates are available, though the gap in poverty rates between the aged and non-aged was wider in some provinces than in others. The largest difference showed in Alberta, where the unattached elderly were two-and-a-half times more likely to live in poverty than those under 65.

As noted earlier, preliminary data for 1982 indicate that the national poverty rate for families with elderly heads was lower than for families with heads under 65. This change will affect the provincial results for families when data are available to update Table 16. However the statistics for unattached individuals in each province likely will show a similar pattern in 1982, since the national poverty rate for the unattached aged is still much higher than the rate for those under 65.

The Distribution of Poverty

Preliminary estimates for 1982 show that families with elderly heads are now underrepresented in Canada's low-income population. They make up 12.7 percent of all families but only 10.7 percent of poor families. The unattached elderly, by contrast, are highly overrepresented in the poverty population. They account for 27.5 percent of all unattached persons but constitute a much larger proportion - 41.4 percent - of those below the low-income line.

women

Elderly women are very much overrepresented in the low-income population. In 1982 families led by elderly women made up 2.3 percent of all poor families, almost double their 1.3 percent share of all families. On the other hand, families headed by men 65 and older are underrepresented among low-income families; they constituted 11.4 percent of all families but only 8.4 percent of poor families in 1982.

The unattached aged, men and women alike, are overrepresented in the poverty population. Elderly women account for 33.1 percent of the low-income unattached but only 21.0 percent of all unattached individuals in this country. Men 65 and over make up 8.3 percent of poor unattached Canadians and only 6.5 percent of all the unattached.

Table 16 also shows the number of low-income aged families according to the head's sex. There were approximately 77,000 low-income families led by men 65 and over in 1982. About 21,000 families headed by elderly women lived below the poverty line. In terms of absolute numbers, then, poor families headed by aged males outnumber those with aged female heads by well over three to one.

TABLE 16

PERCENTAGE DISTRIBUTION, POOR AND ALL AGED
FAMILIES AND UNATTACHED INDIVIDUALS, BY SEX OF HEAD,
PRELIMINARY ESTIMATES, 1982 ²⁰

<u>Aged Families</u>	<u>Poor</u>		<u>All</u>	
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>
female head	21,000	2.3%	85,000	1.3%
male head	77,000	8.4	749,000	11.4
total	98,000	10.7	834,000	12.7
<u>Aged Unattached</u> <u>Individuals</u>				
female	337,000	33.1	560,000	21.0
male	85,000	8.3	173,000	6.5
total	422,000	41.4	733,000	27.5

Note

The first column shows the number of poor aged families and unattached persons as a percentage of all poor families and unattached persons - e.g., there are 21,000 low-income families headed by elderly women and they represent 2.3 percent of all poor families.

The second column shows the number of all (i.e., poor and non-poor) aged families and the unattached as a percentage of all families and the unattached - e.g., there are 85,000 families led by aged women and they represent 1.3 percent of all families.

On the other hand, there were four times as many low-income unattached women as men over the age of 65 - 337,000 women as opposed to only 85,000 unattached men. In fact there were more aged unattached women below the poverty line (337,000) than above (223,000).

the older aged

Table 17 divides the elderly poor according to age. Low-income families headed by persons 70 and older represented 54 percent of all elderly poor families in 1981. However the over-70's account for a much larger share (78 percent) of all aged unattached individuals living below the poverty line.

TABLE 17

PERCENTAGE DISTRIBUTION, POOR AGED
FAMILIES AND UNATTACHED INDIVIDUALS,
BY AGE OF HEAD, 1981 ²¹

<u>Poor Aged Families</u>	<u>Number</u>	<u>As Percentage of Aged Poor</u>
head 65-69	54,000	46%
head 70 plus	63,000	54
total	117,000	100
 <u>Poor Aged Unattached Individuals</u>		
65 - 69	94,000	22
70 plus	333,000	78
total	427,000	100

by province

Table 18 provides two types of information about the distribution of the aged poor among the provinces. It shows where most of the elderly poor live, and it tells us whether they are overrepresented or underrepresented in each province. The statistics are for 1981.

TABLE 18
PERCENTAGE DISTRIBUTION, POOR AND
ALL AGED FAMILIES AND UNATTACHED INDIVIDUALS,
BY PROVINCE, 1981 ²¹

	<u>Families</u>		<u>Unattached Individuals</u>	
	<u>Percentage of Poor Aged</u>	<u>Percentage of All Aged</u>	<u>Percentage of Poor Aged</u>	<u>Percentage of All Aged</u>
Newfoundland	2.5%	2.1%	*	1.0%
Prince Edward Island	*	0.7	*	0.6
Nova Scotia	6.1	5.0	3.6	3.9
New Brunswick	3.8	3.5	2.2	2.2
Quebec	39.0	25.4	32.0	26.6
Ontario	23.8	32.3	33.0	36.9
Manitoba	5.2	5.4	4.7	4.8
Saskatchewan	4.7	5.0	4.6	4.7
Alberta	5.0	7.0	6.1	6.9
British Columbia	9.6	13.8	12.0	12.5
CANADA	100.0	100.0	100.0	100.0

* Not available due to insufficient sample size.

Thirty-nine percent of low-income aged families live in Quebec. Ontario accounted for 23.8 percent, and British Columbia 9.6 percent of elderly poor families. All together, Canada's three most populous provinces had 72.4 percent of aged families living below the low-income line in 1981.

Low-income families with elderly heads were overrepresented in provinces east of Ontario. Quebec accounted for 39 percent of elderly poor families but only 25 percent of all aged families. The percentages differ but

the pattern is the same in the Atlantic provinces: each had a larger share of elderly poor families than of all aged families.

Elderly poor families were underrepresented in Ontario and the western provinces. Each province had a larger share of all elderly families than those below the poverty line. The difference is particularly striking in British Columbia, which had 13.8 percent of all elderly families and only 9.6 percent of aged poor families in 1981.

The majority of low-income aged unattached individuals (77 percent in 1981) live in Ontario, Quebec and British Columbia. Ontario and Quebec each has about one-third.

Low-income aged unattached persons were overrepresented in Quebec and underrepresented in Nova Scotia, Ontario, Alberta and British Columbia. The remaining provinces for which estimates are available - New Brunswick, Manitoba and Saskatchewan - had virtually the same percentage of poor elderly unattached persons as they had of all the unattached aged in 1981.

Poverty Trends

There has been considerable progress against poverty among the aged. However the reduced risk of poverty has benefitted elderly men more than women, and families more than the unattached aged.

In 1969, 41.4 percent of families with elderly heads were poor, but by 1982 the rate had fallen to 11.7 percent - a substantial drop of 72 percent. In comparison, the poverty rate for families led by persons under age 65 went from 17.7 percent in 1969 to 14.2 percent in 1982, a decline of only 20 percent. In 1969, the 262,000 low-income families with elderly heads made up 26 percent of all poor families; by 1982, there were only an estimated 98,000 poor aged families and they represented just 10.7 percent of all families under the poverty line.²³

TABLE 19

TRENDS IN POVERTY RATES,
AGED AND NON-AGED FAMILIES
AND UNATTACHED INDIVIDUALS ²³

	<u>Families</u>		<u>Unattached Individuals</u>	
	<u>Aged</u>	<u>Non-Aged</u>	<u>Aged</u>	<u>Non-Aged</u>
1969	41.4%	17.7%	69.1%	31.6%
1979	21.9	11.8	66.3	30.3
1980	14.2	11.9	61.5	30.6
1981	14.5	11.6	58.7	29.4
1982*	11.7	14.2	57.7	30.9

* Preliminary estimates.

The recent trend in poverty among elderly families is very favourable. In 1979, 21.9 percent of families with aged heads were below the low-income line. Their poverty rate fell to 14.2 in 1980, remained virtually the same (14.5 percent) in 1981, and then registered another significant decrease to an estimated 11.7 percent in 1982.

There has been more modest though welcome progress against poverty among unattached Canadians 65 and over. Their poverty rate went from 69.1 percent in 1969 to 66.3 percent in 1979, declining steadily thereafter to an estimated 57.7 percent in 1982. On the other hand, the low-income rate for non-aged unattached individuals is much the same today (30.9 percent at last count) as it was in 1969 (31.6 percent).

When we compare the poverty rates for aged men and women, however, a different picture emerges. Table 20 shows that the considerable decline in the risk of poverty for elderly families in recent years applies to those led by men but not women. The incidence of

poverty among families headed by aged men dropped sharply from 21.8 percent in 1979 to 13.3 percent in 1980, 12.9 percent in 1981 and an estimated 10.2 percent in 1982. Yet the poverty rate for families led by elderly women actually increased from 22.2 percent in 1979 to 24.6 percent in 1982.

TABLE 20
TRENDS IN POVERTY RATES,
AGED FAMILY UNITS
BY SEX OF HEAD 23

	<u>Aged Families</u>		<u>Aged Unattached Individuals</u>	
	<u>Female Head</u>	<u>Male Head</u>	<u>Women</u>	<u>Men</u>
1979	22.2%	21.8%	68.8%	58.6%
1980	21.2	13.3	65.4	51.9
1981	24.7	12.9	62.2	48.4
1982 *	24.6	10.2	60.4	48.9

* Preliminary estimates.

As a result, the poverty gap between families headed by elderly men and women has widened in recent years. In 1979, the risk of poverty was much the same for families headed by men and women 65 and older. By 1982, families led by aged women were two-and-a-half times more likely to be poor than families led by aged men.

The poverty rate remains very high for unattached elderly Canadians - 49 percent for men and 60 percent for women. Again, however, men have enjoyed more progress than women, so the poverty gap between them has increased. 24

FIGURE E

70

60

50

40

30

20

10

0

Male Head

Female Head

Men

Women

1979

80

81

82

79

80

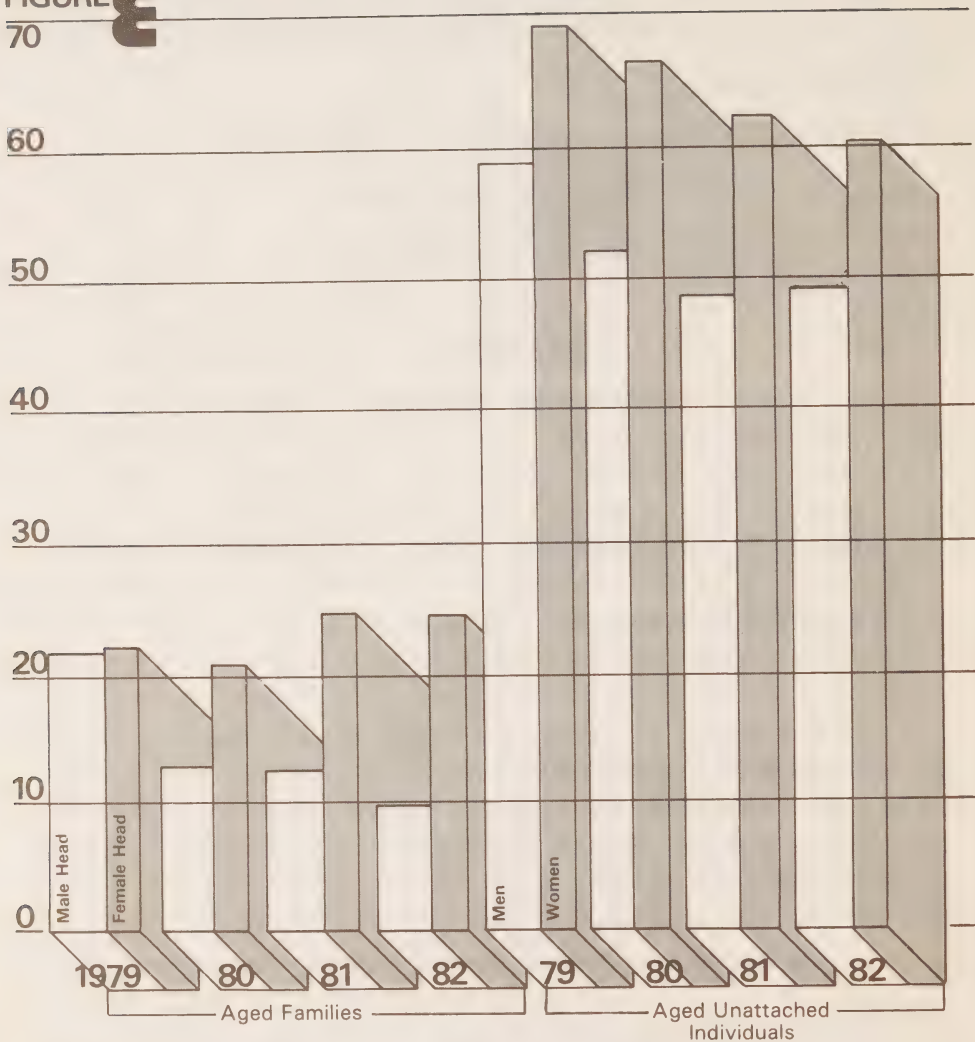
81

82

Aged Families

Aged Unattached
Individuals

TRENDS IN POVERTY RATES,
AGED FAMILIES AND UNATTACHED
INDIVIDUALS, BY SEX OF HEAD



THE INCOMES OF THE ELDERLY

Not all elderly Canadians are poor, by any means. However most are concentrated on the lower rungs of the income ladder. Aged women fare particularly poorly.

Levels of Income

The median income of families headed by elderly persons is estimated at \$16,967 for 1982. This amount represents just 58 percent of the median income of \$29,246 for all families and only 47 percent of the estimated \$35,930 for families with heads in the prime earning years of 45 to 54.²⁵

TABLE 21

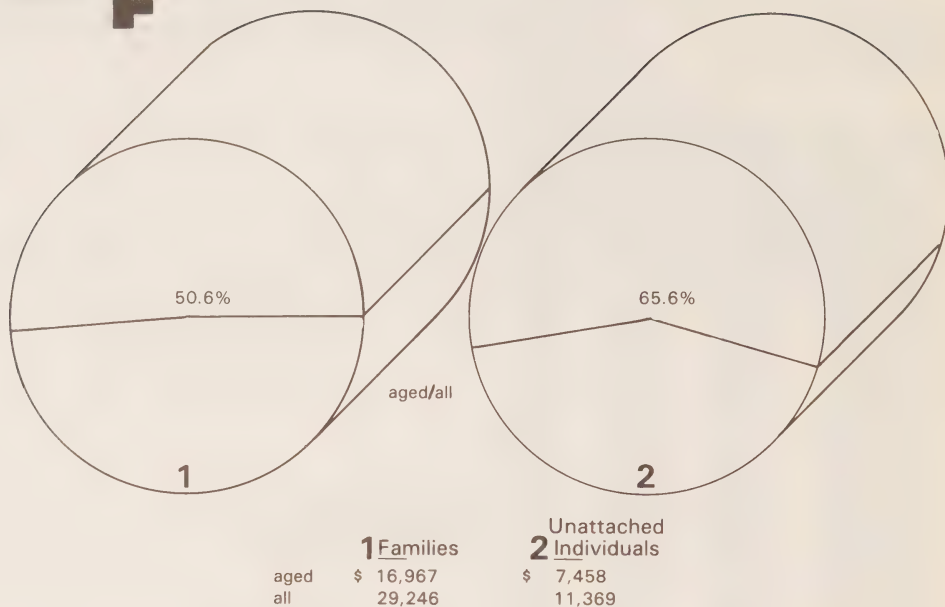
MEDIAN INCOME, AGED AND ALL
FAMILIES AND UNATTACHED INDIVIDUALS,
PRELIMINARY ESTIMATES, 1982 ²⁵

	<u>Families</u>	<u>Unattached Individuals</u>
Aged	\$16,967	\$ 7,458
All	29,246	11,369
Aged/all	58.0%	65.6%

In 1982 the median income of unattached individuals 65 and over was \$7,458, which represents 66 percent of the median income of \$11,369 for all unattached individuals and only 39 percent of the median income of \$19,055 for those aged 35 to 44. The median income of the unattached aged actually fell below the poverty line in 1982.²⁶

Most unattached elderly Canadians are women, and their incomes are lower than those of aged men. In 1981 the median income of unattached women

FIGURE **F**



MEDIAN INCOME, AGED AND ALL
FAMILIES AND UNATTACHED
INDIVIDUALS, PRELIMINARY ESTIMATES, 1982

65 to 69 was \$6,876, as opposed to \$8,026 for unattached men in that age group. The median income for unattached women 70 and over was \$6,395, compared to \$6,921 for unattached men over 70.²⁷

The adage 'two can live as cheaply as one' has been supported by studies which conclude that a single person's living costs are about two-thirds those of a couple.²⁸ Yet in 1982 the median income of unattached elderly Canadians was only 44 percent of that for families with heads in the same age bracket. Clearly the unattached elderly are considerably worse off financially than aged families.

The Distribution of Income

Another revealing measure of the economic position of the aged is provided by Statistics Canada's annual figures showing how income is distributed within different age groups. Table 22 looks at families and Table 23 examines the income distribution for unattached individuals.²⁹

Seventy percent of families headed by persons 65 and older had incomes below \$25,000 in 1982, in contrast to 41 percent of all families and only 27 percent of those with heads in the 45 to 54 age group. In fact a sizeable proportion of elderly families - four in ten - were below \$15,000, an income level that is just half of the median income for all Canadian families.

The unattached elderly are also bunched on the lower rungs of the income ladder. Seventy-two percent of aged unattached individuals had incomes less than \$10,000 in 1982, compared to only 28 percent of unattached individuals aged 35 to 44. Looking at the other end of the income range, only 6 percent of elderly unattached persons enjoyed incomes above \$25,000, in contrast to 35 percent of those in the 35 to 44 age bracket.

TABLE 22

PERCENTAGE DISTRIBUTION OF FAMILIES,
BY INCOME GROUP AND AGE OF HEAD,
PRELIMINARY ESTIMATES, 1982 ²⁹

<u>Income Group</u>	<u>Age of Head</u>			
	<u>All Ages</u>	<u>45 - 54</u>	<u>65 Plus</u>	
Under \$10,000	8.3%	6.0%	8.0%	69.8%
10,000 - 14,999	11.2	5.7	33.7	
15,000 - 19,999	10.0	6.7	16.9	
20,000 - 24,999	11.2	8.5	11.2	
25,000 - 29,999	11.2	10.2	7.7	
30,000 - 34,999	10.8	11.2	4.8	
35,000 - 39,999	9.4	8.8	4.6	
40,000 - 44,999	7.4	8.1	2.8	
45,000 and over	20.7	34.7	10.2	
Total	100.0	100.0	100.0	
Median Income	\$29,246	\$35,930	\$16,967	

TABLE 23

PERCENTAGE DISTRIBUTION OF UNATTACHED
INDIVIDUALS, BY INCOME GROUP AND AGE,
PRELIMINARY ESTIMATES, 1982 ²⁹

<u>Income Group</u>	<u>Age</u>			
	<u>All Ages</u>	<u>35 - 44</u>	<u>65 Plus</u>	
Under \$5,000	14.2%	14.2%	3.2%	71.7%
5,000 - 6,999	17.1	8.2	39.2	
7,000 - 9,999	14.5	5.8	29.3	
10,000 - 14,999	14.6	12.9	13.0	
15,000 - 19,999	13.4	11.0	6.0	
20,000 - 24,999	9.9	13.1	3.2	
25,000 and over	16.1	34.8	6.1	
Total	100.0	100.0	100.0	
Median Income	\$11,369	\$19,055	\$7,458	

Elderly women are worse off than elderly men. Table 24 compares the income distribution of aged men and women who reported income in 1982. (The unit of analysis in this case is the elderly individual, regardless of his or her marital status).

TABLE 24
PERCENTAGE DISTRIBUTION OF AGED INDIVIDUALS,
BY INCOME GROUP AND SEX,
PRELIMINARY ESTIMATES, 1982 29

<u>Income Group</u>	<u>Sex</u>	
	<u>Aged Women</u>	<u>Aged Men</u>
Under \$5,000	23.4%	7.5%
5,000 - 6,999	35.9	23.6
7,000 - 9,999	20.7	22.6
10,000 - 14,999	9.9	18.8
15,000 - 19,999	4.2	11.0
20,000 - 24,999	2.2	5.2
25,000 and over	3.5	11.3
Total	100.0	100.0
Median Income	\$6,440	\$9,349

The large majority (80 percent) of elderly women had incomes under \$10,000 in 1982, compared to 54 percent of aged men. A tiny proportion of elderly women (3.5 percent) reported incomes over \$25,000, in contrast to 11.3 percent of aged men. The median income of aged women (\$6,440) was only 69 percent of the median income of elderly men (\$9,349).

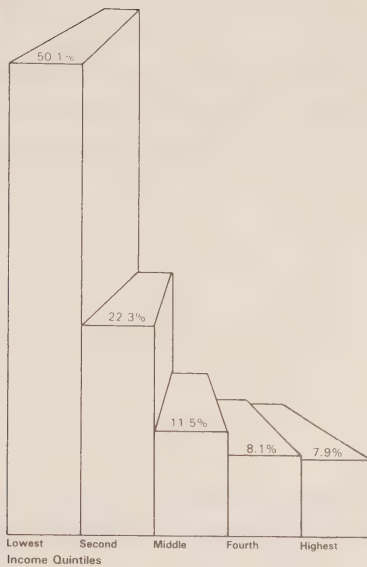
The large proportion of elderly Canadians at the lower end of the income scale can be illustrated by the device of income 'quintiles'. Total income is divided into five equal parts or quintiles. In 1981, the bottom

quintile for families comprised incomes up to \$15,126; the second quintile went from \$15,127 to \$23,767; the third, from \$23,768 to \$31,783; the fourth, from \$31,784 to \$42,514; and the top quintile, \$42,515 and over. The income quintiles for unattached individuals were as follows: bottom quintile, below \$5,349; second quintile, \$5,349 to \$7,795; middle quintile, \$7,796 to \$13,565; fourth quintile, \$13,566 to \$20,800; top quintile, \$20,801 and above.

Figure G shows that half of elderly families have incomes in the lowest income quintile; in other words, 50.1 percent of families with aged heads had incomes under \$15,127 in 1981. Another 22.3 percent were in the second-lowest income quintile. Adding these two figures together, over 72 percent of families led by the aged have incomes in the bottom two quintiles. On the other hand, relatively few aged families are in the higher income quintiles; only 7.9 percent had incomes in the top category in 1981.³⁰

Figure H indicates that unattached Canadians 65 and older are also concentrated in the two lowest income quintiles. Sixty-five percent of the unattached elderly had incomes in the bottom two quintiles in 1981. Only 7.6 percent of aged unattached persons figured in the highest income group.

FIGURE G



DISTRIBUTION OF INCOME, FAMILIES WITH AGED HEADS, BY QUINTILE, 1981

FIGURE H

DISTRIBUTION OF INCOME, AGED UNATTACHED INDIVIDUALS, BY QUINTILE, 1981



Sources of Income

The statistics presented so far show that most elderly Canadians have modest incomes and that a sizeable number live below the poverty line. To understand why this is so, we must first investigate their sources of income.³¹

public sources

Government income security and public pension plans are a major form of income for elderly Canadians. Table 25 shows that, in 1981, federal and provincial programs accounted for 45.5 percent of the total income of couples in which both husband and wife were over 65. The largest single source was the federal Old Age Security and Guaranteed Income Supplement, which made up 33.5 percent of elderly couples' income. The Canada and Quebec Pension Plans provided another 9.2 percent. The remaining income from public programs includes provincial social assistance and income supplements for the elderly, veterans' pensions, worker's compensation and unemployment insurance.

Unattached elderly Canadians are even more heavily dependent upon government. In 1981, over half of their income came from public sources, with 39.6 percent from Old Age Security and the Guaranteed Income Supplement. The Canada and Quebec Pension Plans contributed 8.4 percent of their income, and another 3.3 percent came from other government sources. All in all, public programs supplied 51.3 percent of the total income of the unattached elderly at last count.

private sources

Private sources supplied the remaining income. Table 25 shows that investments accounted for 27.9 percent of the income of elderly couples and 30.1 percent of the income of unattached Canadians 65 and older. Private pension plans provided only 11.6 percent of the income of aged couples and 10.9 percent of unattached individuals' income in 1981.

Earnings from employment accounted for 13.9 percent of elderly couples' income and a mere 5.9 percent for the unattached aged, a reflection of the limited labor force participation of older people. Only 8.4 percent of Canadians 65 or over were in the work force in 1982, and many of them had part-time or seasonal employment. Just 4.2 percent of women over 65 held or were actively looking for jobs in 1982, as opposed to 13.8 percent of aged men. Employment earnings cannot furnish a permanent source of income for the elderly, since advancing age precludes paid work for all but a few; in 1982 only 2.1 percent of women and 8.2 percent of men 70 years or older were in the labor force.³²

TABLE 25
PERCENTAGE OF INCOME FROM EACH SOURCE, AGED
COUPLES AND UNATTACHED INDIVIDUALS, 1981 ²¹

<u>Income Source</u>	<u>Couples *</u>	<u>Unattached Individuals</u>
OAS/GIS	33.5%	39.6%
Other government	2.8	3.3
C/QPP	9.2	8.4
Total public	45.5	51.3
Private pensions	11.6	10.9
Investments	27.9	30.1
Employment	13.9	5.9
Total private	54.5	48.7
Total	100.0	100.0

* Couples in which both spouses were 65 or older in 1981.

Unattached women 65 and over rely more heavily on government for their income than do elderly men. In 1981, 53.3 percent of the income of unattached aged women came from public programs, with 42.7 percent from the Old Age Security and Guaranteed Income Supplement. Government sources furnished 46.6 percent of the income of unattached elderly men, and close to one-third came from Old Age Security and the Guaranteed Income Supplement. Table 26 gives the figures.

FIGURE 1

PERCENTAGE OF INCOME FROM EACH SOURCE, POOR AND NON-POOR
AGED COUPLES AND UNATTACHED INDIVIDUALS, 1981

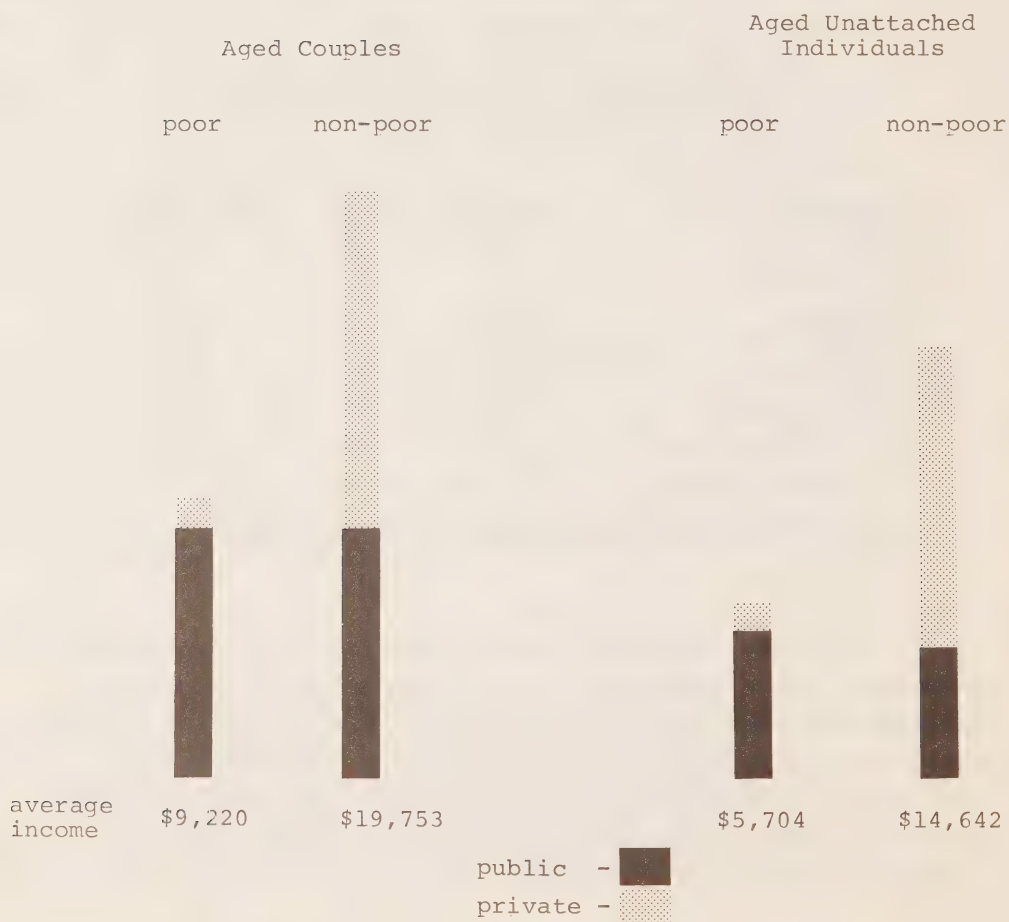


TABLE 26

PERCENTAGE OF INCOME FROM EACH SOURCE, AGED
UNATTACHED INDIVIDUALS, BY SEX, 1981 ²¹

<u>Income Source</u>	<u>Unattached Individuals</u>	
	<u>Women</u>	<u>Men</u>
OAS/GIS	42.7%	32.3%
Other government	3.2	3.5
C/QPP	7.4	10.8
Total public	53.3	46.6
Private pensions	8.8	16.0
Investments	31.2	27.6
Employment	4.8	8.5
Total private	46.7	53.4
Total	100.0	100.0

above and below the poverty line

These figures apply to aged Canadians from all income groups averaged together. However a distinctly different picture emerges when we look at the income sources of elderly persons from different income levels. Table 27 compares the income sources of elderly family units above and below the poverty line.

Government income security and pension programs are far more important to low-income senior citizens because they account for almost all the money they get. Elderly couples living below the poverty line in 1981 got 93.2 percent of their income from the public sector, for the most part from Old Age Security and the Guaranteed Income Supplement. Poor unattached elderly Canadians received 86.8 percent of their income from public programs.

The proportion of income made up from government sources declines rapidly as income increases.³³ Only 43.5 percent of the income of elderly couples and 31.2 percent of the income of the unattached aged who were above the poverty line in 1981 came from public programs. They

obtained most of their income from private sources - investments, private pension plans, and employment earnings.

TABLE 27
PERCENTAGE OF INCOME FROM EACH SOURCE, POOR AND NON-POOR
AGED COUPLES AND UNATTACHED INDIVIDUALS, 1981 ²¹

<u>Income Source</u>	<u>Aged Couples*</u>		<u>Aged Unattached Individuals</u>	
	<u>Poor</u>	<u>Non-Poor</u>	<u>Poor</u>	<u>Non-Poor</u>
OAS/GIS	78.7%	31.6%	74.6%	19.6%
Other government	3.2	2.8	4.5	2.8
C/QPP	11.3	9.1	7.7	8.8
Total public	93.2	43.5	86.8	31.2
Private pensions	2.3	12.0	3.3	15.3
Investments	3.8	28.8	8.6	42.3
Employment	0.7	14.4	0.8	8.9
Total private	6.8	56.5	13.2	68.8
Total	100.0	100.0	100.0	100.0

* Couples in which both spouses were 65 or older in 1981.

Table 28 compares the poor and non-poor aged according to their likelihood of receiving any income from each source. The only item completely in common is Old Age Security, since virtually every Canadian 65 and over is eligible for a monthly cheque from this universal program. For every other source of income, elderly people above the poverty line have a considerable edge over their low-income counterparts.

The large majority (79.6 percent) of non-poor aged couples received income from the Canada or Quebec Pension Plan, whereas only 57.1 percent of poor couples got any income from this source in 1981. Eight in ten non-poor couples reported income from interest earned on savings and investments, compared to less than half of poor aged couples. While only

48.3 percent of non-poor couples had any income from private pension plans in 1981, this proportion was more than double the figure for low-income couples. One in four non-poor elderly couples had earnings from employment, as opposed to only seven in a hundred poor aged couples.

TABLE 28
PERCENTAGE OF POOR AND NON-POOR AGED
COUPLES AND UNATTACHED INDIVIDUALS
WHO RECEIVE INCOME FROM EACH SOURCE, 1981 ²¹

<u>Income Source</u>	<u>Aged Couples *</u>		<u>Aged Unattached Individuals</u>	
	<u>Poor</u>	<u>Non-Poor</u>	<u>Poor</u>	<u>Non-Poor</u>
OAS/GIS	100.0%	100.0%	100.0%	100.0%
Other government	25.7	36.0	23.5	29.6
C/QPP	57.1	79.6	34.2	66.9
Private pensions	20.0	48.3	11.1	46.7
Investments	46.6	79.5	41.8	87.2
Employment	7.3	26.0	3.7	16.8

* Couples in which both spouses were 65 or older in 1981.

Similar differences exist between poor and non-poor unattached elderly Canadians. Apart from the Old Age Security/Guaranteed Income Supplement, the only source for substantial numbers of low-income aged unattached individuals is investments, which provided income to 41.8 percent in 1981. The Canada and Quebec Pension Plans contributed to the incomes of about one in three low-income unattached aged persons, while other sources (private pension plans and employment earnings) were uncommon. The unattached elderly above the poverty line, in contrast, were much more likely to receive income from a variety of sources, prominent among them investments (87.2 percent), the Canada or Quebec Pension Plan (66.9 percent) and private pension plans (46.7 percent).

Not only are the non-poor elderly more likely to receive income from a variety of sources, but they also average substantially larger amounts than the aged poor. The following table presents the average amounts for poor and non-poor elderly couples and unattached individuals who report income from the Canada or Quebec Pension Plan, private pension plans, investments and employment.

TABLE 29
AVERAGE INCOME FROM PUBLIC PENSION PLANS
AND PRIVATE SOURCES, POOR AND NON-POOR
AGED COUPLES AND UNATTACHED INDIVIDUALS, 1981 ²¹

<u>Income Source</u>	<u>Poor</u>	<u>Aged Couples *</u>		<u>Aged Unattached Individuals</u>	
		<u>Non-Poor</u>		<u>Poor</u>	<u>Non-Poor</u>
C/QPP	\$1,824	\$2,263		\$1,276	\$1,973
Private pensions	1,075	4,885		1,679	4,787
Investments	748	7,161		1,176	7,107
Employment	913	10,984		1,206	7,731

* Couples in which both spouses were 65 or older in 1981.

The gap is particularly wide for employment earnings. The 26 percent of elderly non-poor couples reporting income from a job in 1981 averaged \$10,984; the tiny group (7 percent) of poor aged couples with any income from employment averaged only \$913. The same pattern applies to the other items listed: the poor are much less likely to receive income from each source, and when they do they average much smaller amounts.

The Income Drop

It comes as no surprise that most people who are poor or near-poor for most of their lives tend to remain so after they reach the age of 65.

Few low and modest-income Canadians are able to put aside sufficient savings and pension contributions during their working years, so they are almost totally dependent on government income security programs when they retire.

Table 30 shows the income available from federal and provincial income security programs for the aged, while Table 31 compares these amounts to the low-income line for couples and single persons living in the largest city in each province.³⁴

While government income security programs guarantee some elderly couples an income above the poverty line, thousands more still number among Canada's low-income families. All elderly single persons with little or no income other than income security payments remain substantially below the poverty line in all communities and provinces.³⁵

Less well known is the fact that many middle-income Canadians join the ranks of poor and near-poor pensioners upon retirement. This phenomenon, which we term 'the income drop', can be deduced from several statistics.

In 1981 the median income of families with heads 65 to 69 (\$17,507) was only 61 percent of the \$28,548 median income of families led by persons 55 to 64 years old. Near-aged unattached persons hardly live in affluence, but their \$9,427 median income in 1981 was \$2,304 above the \$7,123 median income of unattached individuals 65 to 69. These figures point to a substantial reduction in cash income for many Canadians after they retire.

TABLE 30

MAXIMUM BENEFITS FROM FEDERAL PROGRAMS
FOR THE AGED AND PROVINCIAL SUPPLEMENTS, 1983

	Federal Programs *	Single Persons		Federal Programs *	Couples	
		Provincial Supplements	Total		Provincial Supplements	Total
Newfoundland	\$ 6,147	-	\$6,147	\$10,883	-	\$10,883
Prince Edward Island	6,147	-	6,147	10,883	-	10,883
Nova Scotia	6,147	\$ 219	6,366	10,883	\$ 438	11,321
New Brunswick	6,147	-	6,147	10,883	-	10,883
Quebec	6,147	-	6,147	10,883	-	10,883
Ontario	6,147	587	6,734	10,883	1,922	12,805
Manitoba	6,147	188	6,335	10,883	405	11,288
Saskatchewan	6,147	300	6,447	10,883	540	11,423
Alberta	6,147	1,140	7,287	10,883	2,280	13,163
British Columbia	6,147	467	6,614	10,883	1,196	12,079
Yukon	6,147	1,200	7,347	10,883	2,400	13,283
Northwest Territories	6,147	900	7,047	10,883	1,800	12,683

* Old Age Security and Guaranteed Income Supplement.

TABLE 31

DIFFERENCE BETWEEN THE MINIMUM INCOME
GUARANTEED TO THE AGED AND THE POVERTY LINE, 1983 ³⁴

	<u>Single Persons</u>	<u>Couples</u>
St. John's, Newfoundland	- \$2,827	- \$ 949
Charlottetown	- 1,636	640
Halifax	- 2,608	- 511
St. John, New Brunswick	- 2,827	- 949
Montreal	- 3,302	- 1,584
Toronto	- 2,715	338
Winnipeg	- 3,114	- 1,179
Regina	- 2,527	- 409
Edmonton	- 2,162	696
Vancouver	- 2,835	- 388

Table 32 compares the incomes of elderly couples and single persons before and after retirement. We assume the single person and the breadwinner in the one-earner couple earned the average industrial wage in 1982. One spouse in the two-earner couple earned the average industrial wage and the other spouse made 60 percent of average earnings in 1982. From their earnings we subtract federal and provincial income tax payable, Canada/Quebec Pension Plan contributions and unemployment insurance premiums to arrive at disposable income.³⁶

Income in 1983 is made up of Old Age Security and Guaranteed Income Supplement benefits and Canada/Quebec Pension Plan retirement pension payments. (Both spouses in the aged couple are 65 and therefore eligible for income security benefits). We assume no retirement income from investments, private pension plans, earnings or other private sources; this is not an unreasonable assumption, since Canadians working at the average wage are far less likely than those with higher earnings to belong to private pension

plans, contribute to Registered Retirement Savings Plans, or otherwise set aside enough savings to make an appreciable contribution to their retirement income. And as we discovered in the previous section, the minority of lower-income pensioners who do have income from private sources receive small amounts and so still rely on income security and public pension plans for most of their income.

TABLE 32
THE INCOME DROP 36

	<u>Pre-retirement Net Earnings, 1982</u>	<u>Public Retirement Income, 1983</u>	<u>Poverty Line, 1983</u>	<u>Replacement Ratio</u>
Single person	\$15,862	\$ 8,225	\$ 9,449	51.9%
Two-earner couple	26,039	14,498	12,467	55.7
One-earner couple	16,784	12,967	12,467	77.3

The income drop is substantial. Public programs for the elderly replace little more than half of the single person's pre-retirement disposable income. Before retirement, his or her disposable income was almost double the poverty line; after retirement, his or her income was more than \$1,200 below the low-income line for a metropolitan center. The two-earner couple fares little better; its retirement income is only 56 percent of pre-retirement net income. The income reduction for a one-earner aged couple accustomed to living on average earnings is less severe - retirement income is 77 percent of pre-retirement disposable income - but the couple still falls from a moderate income in 1982 to just \$500 above the poverty line in 1983.

Many elderly women encounter a severe drop in income when their husbands die, especially women who spend most or all of their lives working in the home. The following is a typical case.

Husband and wife each receive Old Age Security and Guaranteed Income Supplement benefits; the husband (an average wage earner during his working years) also gets a Canada/Quebec Pension Plan retirement pension, but the wife does not because she was not in the paid labor force. The husband dies, leaving his widow to survive on her Old Age Security, Guaranteed Income Supplement and a Canada/Quebec Pension Plan survivor's benefit (equal to 60 percent of her husband's C/QPP retirement pension). She has to get by on 57 percent of the retirement income she and her husband received. Even taking into account the fact that one person does not need the income of two, the widow faces a massively reduced income (from \$12,967 to \$7,397) that plunges her more than \$2,000 below the poverty line if she lives in a large Canadian city.

There is another source of evidence that many poor and near-poor aged Canadians had middle incomes in their working years. Half of the 2.4 million elderly who receive Old Age Security benefits also get the Guaranteed Income Supplement, a federal income security program geared to lower-income pensioners. One-quarter of the 1.2 million Guaranteed Income Supplement recipients qualify for the maximum amount because their only other source of income is the Old Age Security program.³⁷ The remainder receive smaller payments because they have modest amounts of income from other sources such as investments or pension plans.

There are nowhere near enough low-income people of working age to swell the ranks of Guaranteed Income Supplement recipients to half the elderly population. Many elderly people who get the Guaranteed Income Supplement must have been middle-income earners before they retired.

Canada's retirement income system clearly fails to provide an adequate level of replacement income for pensioners who earned middle incomes during their working years. (Our report A Pension Primer explains why). As many as two-thirds of middle-income Canadians must contend with a drop of 25 percent or more in their living standard when they retire.³⁸

Income Trends

Elderly Canadians have enjoyed a substantial increase in income over the years. In 1967 the median income of families with aged heads was \$3,765, or \$11,408 translated into 1982 dollars. Their median income in 1982 was an estimated \$16,967, which means that the real (i.e., after-inflation) income of elderly families rose by 49 percent from 1967 to 1982. ³⁹

The unattached aged have seen an even larger boost in income over the past fifteen years. Their median income in 1967 was \$1,427 (\$4,324 in 1982 dollars), and went up to \$7,458 in 1982 - a hefty increase of 72.5 percent.

the income gap

The population as a whole also enjoyed a significant rise in incomes during the 'seventies, but not as much as the aged. The median income of Canadian families grew in real terms by 41 percent from 1967 to 1982, compared to 49 percent for families with elderly heads. Unattached individuals of all ages have benefitted from a 44 percent real increase in median income since Canada's centennial year, though this figure is less than the 72.5 percent rise for the unattached elderly.

As a result, the income gap between the aged and the rest of society has narrowed somewhat over the years. In 1967, the median income of families with elderly heads was just 55 percent of the median income for all families. The latest estimates, for 1982, show a little improvement; the ratio of the median income of aged to all families is now 58 percent. There has been more progress among the unattached elderly. Their median income was 55 percent of the median income for all unattached Canadians in 1967 and an estimated 66 percent in 1982.

TABLE 33
INCOME TRENDS, AGED AND ALL
FAMILIES AND UNATTACHED INDIVIDUALS 39

Median Income	Families		Unattached Individuals	
	Aged	All	Aged	All
1967 actual	\$ 3,765	\$ 6,839	\$ 1,427	\$ 2,601
1967 in 1982 dollars	11,408	20,722	4,324	7,881
1982 actual	16,967	29,246	7,458	11,369
real increase	48.7%	41.1%	72.5%	44.3%

women versus men

The income trend mirrors the poverty pattern as far as the sexes are concerned. The position of elderly men has improved far more than that of elderly women.

Between 1967 and 1981, the median income of families led by aged men increased by 54.5 percent (after taking into account inflation) compared to 48.6 percent for all families. However families headed by elderly women saw their median income go up by only 23.3 percent during the same period - less than half of the increase for families led by aged men. Nor are recent trends encouraging; from 1978 to 1981, the median income of families with aged male heads rose by 9 percent in real terms, as opposed to only 3 percent for those led by elderly women.

In 1967, the median income of families headed by elderly men was 51.5 percent of the median income for all families. By 1981, that figure had improved somewhat to 53.6 percent. However the results for families led by women over 65 are the opposite - in 1967 their median income was 76 percent of the median income for all families, but by 1981 that ratio had deteriorated to 63 percent.

Unattached men 65 and older also have enjoyed a larger increase in their income than have elderly unattached women. The median income of unattached aged men rose by 77.5 percent from 1967 to 1981, while the median income for unattached elderly women went up by 70.5 percent in real terms. Both sexes improved their income position relative to unattached individuals of all ages, whose income went up by 49.2 percent in the same period, but once more men did better than women. The median income of unattached men 65 and over was 56.8 percent of the median income for all Canadians in 1967 and 67.6 percent in 1981; the comparable results for unattached aged women are 53.6 percent in 1967 and 61.3 percent in 1981.

Income Inequality

A study by Health and Welfare Canada based on 1975 data found that the retirement income system "not only reflects, but appears to reinforce the income inequalities that hold throughout the working years".⁴⁰ Recent statistics prove that this conclusion is still valid today.

The 'income inequality index' is a simple measure which divides average income by median income. The higher the ratio, the more unequally income is distributed.

The ratio of average to median income among families with prime-aged heads (45 to 54) was 1.1 each year between 1967 and 1982. By comparison, the index for families with elderly heads averaged 1.4 percent during the same period, which means that income was more unequally distributed within the aged population. Nor has there been any reduction in income inequality among elderly families over time.

Income is also unequally distributed among unattached elderly Canadians. Their income inequality index ranged from 1.4 to 1.6 between 1967 and 1982, compared to 1.0 to 1.2 for unattached individuals aged 35 to 44.

The highly unequal distribution of income among the elderly - which means that a minority enjoys comfortable incomes while the majority has to get by on modest or low incomes - is largely due to the concentration of savings and investments in the bank accounts of a relatively small number of affluent pensioners. Four percent of the aged enjoy more than 40 percent of the investment income.⁴¹

We saw earlier that most elderly Canadians above the poverty line have set aside money in the form of investments, which contribute a substantial portion of their retirement income (29 percent in the case of aged couples and 42 percent for elderly unattached persons). Studies which divide the aged into several income groups find that the higher the income level, the greater the share from investments. In fact investments are the largest single source of income for the upper-income elderly, outweighing private pensions, employment earnings, the Canada and Quebec Pension Plans and income security benefits.⁴²

THE OTHER SIDE OF INCOME

Canada's elderly do not live by money alone. Many possess wealth (chiefly their homes) and enjoy services and subsidies that bring them a better standard of living than the income data might indicate. One study claims that the total income of the aged population would be some 30 percent greater if the value of non-money sources of income and unreported cash gifts were taken into account.⁴³

Nor do the statistics presented earlier recognize the greater demands made upon the incomes of Canadians of working age, particularly those with children to support. Most elderly persons do not work and so do not have to pay Canada or Quebec Pension Plan contributions, unemployment insurance premiums, union dues or professional association fees, commuting costs and other employment-related expenses.

The aged also give up a lower percentage of their incomes to Revenue Canada. In 1980, families with elderly heads paid on average 9.9 percent of their gross income in federal and provincial income tax, whereas families with heads 45 to 54 paid 15.8 percent of their income in taxes; a similar difference holds between unattached aged persons (6.6 percent of their income went to taxes) and middle-aged (35 to 44) unattached Canadians, who paid 19.4 percent of their income to the government.⁴⁴ The lower tax bite on elderly income is due in part to the fact that the aged on average have lower incomes than taxpayers under 65. However the over-65's also benefit from special tax concessions (such as the \$2,350 age exemption, \$1,000 pension income deduction and various provincial tax rebates and credits) which reduce their tax burden and so increase their disposable income.

It is true that an exclusive focus on money income paints a one-sided and overly pessimistic portrait of the aged. However we must weigh carefully other factors that affect their economic situation.

Elderly Canadians do not share in non-cash sources of income equally, any more than they all have adequate money incomes. Non-aged families and individuals also have available a wide range of health and social services and other subsidies and in-kind benefits, so non-money income received by the elderly does not fully make up for the money income gap that separates them from younger people. Nor do senior citizen discounts for buses and movies, occasional gifts for children, subsidized rents, social services and the other benefits bestowed by government and the voluntary and private sectors fully compensate for the very low incomes on which many thousands of elderly Canadians - particularly those who live on their own - must live.

Shelter Costs

The most prevalent form of wealth held by elderly Canadians is their homes. Over three-quarters of families with heads 65 and older own their accommodation, as do 40 percent of aged unattached individuals. In comparison, 71.6 percent of families led by persons under 65 and only 19.5 percent of non-aged unattached individuals count a home among their possessions.⁴⁵ The equity the elderly have built up in their homes is their major asset, accounting on average for close to half of their net worth.⁴⁶

Not only do many senior citizens own their own homes, but the large majority of those who do have paid off their mortgage. Eighty-six percent of elderly homeowners who head families and 90 percent of those who are unattached do not have to make monthly mortgage payments. Among homeowners under the age of 65, by contrast, 36 percent of family heads and just under half of unattached persons do not carry a mortgage. As a result, the shelter costs of elderly homeowners tend to be lower than their non-aged counterparts, who also have had to contend with high interest rates when renewing their mortgages in recent years. Some economists believe the value of imputed rent on owner-occupied houses and condominiums should be counted as a form of non-money income.

TABLE 34

TENURE, AGED AND NON-AGED
FAMILY HEADS AND UNATTACHED INDIVIDUALS, 1981²¹

<u>Families</u>	<u>Aged</u>	<u>Non-Aged</u>
Own	76.5%	71.6%
no mortgage	65.7	25.5
mortgage	10.8	46.1
Rent	23.2	27.8
Other	0.3	0.6
Total	100.0	100.0
<u>Unattached Individuals</u>		
Own	40.1	19.5
no mortgage	36.3	9.7
mortgage	3.8	9.8
Rent	45.4	56.4
Other	14.5	24.1
Total	100.0	100.0

It is not just the well-off elderly who are homeowners. Six in ten low-income aged family heads own their home, as do one in three unattached individuals who are over 65 and under the poverty line. Most poor elderly homeowners have paid off their mortgage.

TABLE 35

TENURE, POOR AND NON-POOR
AGED FAMILIES AND UNATTACHED INDIVIDUALS, 1981 21

<u>Aged Families</u>	<u>Poor</u>	<u>Non-Poor</u>
Own	62.5%	78.7%
no mortgage	51.8	68.0
mortgage	10.7	10.7
Rent	37.1	20.9
Other	0.4	0.4
Total	100.0	100.0

Aged Unattached Individuals

Own	33.2	50.0
no mortgage	30.2	45.0
mortgage	3.0	5.0
Rent	48.6	40.8
Other	18.2	9.2
Total	100.0	100.0

Since so many senior citizens own their homes free and clear of debt, they obviously can get by on less income than the average Canadian who must make rent or mortgage payments each month. However there are also expenses incurred in running a house or condominium - utilities (heat, electricity and water), insurance, property taxes, maintenance and repairs - that can put a strain on the budget of elderly homeowners, especially the large number with modest incomes. The price of fuel, water and electricity increased by 103 percent from 1977 to 1982, exceeding the 63 percent rise in the overall cost of living. The cost of household operations went up by 80 percent, home insurance premiums by 61 percent, and repair costs by 54 percent during the same five-year period.⁴⁷

These outlays take a larger slice of the incomes of the elderly than of non-aged Canadians. Statistics Canada's most recent Survey of Family Expenditures found that 6.1 percent of elderly family units' spending went to water, fuel and electricity, compared to only 3.3 percent for all age groups. Family units headed by aged persons devoted 20.5 percent of their spending to shelter (a category which includes utility expenses), whereas the shelter expenditure for all family units averaged only 16.1 percent. All told, items which are usually considered necessities - food, clothing, shelter, household operations, medical and health care, and transportation - took up 68 percent of elderly family units' expenditure, as opposed to 58 percent for all family units.⁴⁸ These differences are not the result of extravagant spending on the part of the aged - far from it, they spend much less on shelter, fuel, food and other necessities than non-aged Canadians - but the simple fact that the elderly have smaller incomes out of which to pay their living expenses.

As a result, some elderly Canadians find themselves in the anomalous situation of being 'house rich and cash poor'. Their most valuable asset puts a roof over their heads, but at the same time brings additional operating costs that take a hefty bite out of their modest incomes. Unanticipated expenses - such as replacing a worn roof or fixing faulty plumbing - are particularly worrisome for elderly homeowners and can force them to sacrifice on other basic expenditures. Keep in mind that their homes are older than average and may require more frequent and costlier repairs, especially if the aged are unable to do the work themselves.

Understandably, many elderly homeowners do not relish the prospect of selling the home they spent so many years buying. Even if they decide to sell, they then must face the prospect of finding affordable rental accommodation - a scarce commodity in many Canadian communities. In any case, the term 'house rich' is a bit of an exaggeration, since homes owned by the elderly tend to be older and fetch a lower price on the housing market. Trading their principal asset for cash would provide at best a temporary

solution to the income problem of many elderly homeowners, and could prove to be a shortsighted decision that left them no better off in the long run.

A sizeable proportion of elderly Canadians - 23 percent of family heads and 45 percent of unattached individuals - rent their accommodation. Many of these people must allocate a large amount of their limited income to rent; 77 percent of senior citizens in the lowest income group pay 30 percent or more of their income to their landlord.⁴⁹

Government subsidies ease the burden for some elderly renters, but the demand for affordable apartments is outstripping the supply. The depressed construction market in the past few years, along with the trend towards turning apartments into condominiums (which must be purchased), are not the only reasons for this imbalance. Another factor is the increase in the number of aged Canadians - many of them women living on their own - who want to rent rather than own their accommodation. In fact the proportion of elderly homeowners fell from 77 percent in 1961 to 64 percent in 1976, while the ownership rate among those 25 to 64 stayed the same (66 percent).⁵⁰

The shift from owned to rented accommodation is particularly marked among aged households headed by women; 68 percent were homeowners and 32 percent were renters in 1961, but by 1976 approximately half owned and half rented. The percentage of elderly women renters is almost double that of aged men.

Though some aged homeowners have trouble making ends meet, in general the elderly who own their own homes tend to be better off than those who rent. Elderly renters have lower incomes than those who own their own homes.⁵¹ Nearly half of aged renters devote 25 percent or more of their income to housing, compared to only one-quarter of elderly homeowners.⁵²

Subsidies and Services

Elderly Canadians today enjoy a variety of subsidies and benefits that enable them to consume more goods and services than most could afford to buy. The large part of this assistance comes from government and voluntary organizations, although some businesses offer discounts to aged consumers. Some of these programs and services are reserved for the elderly. Others do not impose an age requirement, but disproportionately number men and women 65 and older among their beneficiaries.

National health insurance is available to Canadians of all ages, but the medical and hospital services it covers are particularly important to the elderly because they have to use the health system more frequently, and for longer periods, than average. An Ontario study found that the elderly made up 8.9 percent of the province's population in 1976 but accounted for 15.9 percent of physician costs and 46.1 percent of spending on hospitals, nursing homes and other health care institutions.⁵³

The Canada Health Survey found that 86 percent of the aged report at least one health problem, compared to 54 percent of the population at large. Therefore it is not surprising that the elderly are more likely than the non-elderly to consult a doctor during the course of a year, stay on average more than twice as long in hospital, and use drugs more often.⁵⁴ It has been estimated that the money incomes of elderly Canadians would have to be as much as one-third higher if they had to pay for the various services that are covered under public health insurance.⁵⁵

Canadians 65 and over also benefit from free or subsidized health care delivered in the home and the community. These services include prescription drugs, community mental health clinics and psychiatric out-patient services, rehabilitation programs, visiting

nurses, and counselling on nutrition and health care. Some provinces also offer optometric services, certain medical supplies and equipment, glasses, hearing aids, and financial assistance for transportation to health facilities. While the range of these health services is impressive in theory, they are not accessible to all elderly persons, varying in kind and quantity from province to province and community to community.

All three levels of government, as well as voluntary and community agencies, help finance and/or deliver social services which benefit the elderly. Visiting homemakers, meals-on-wheels, home maintenance and repair services enable many aged men and women to remain in their own homes or apartments rather than move into an institution. Most Canadian communities have some form of senior centre which, depending upon the particular facility, may offer the aged everything from legal aid, recreational facilities, counselling, information and referral services to simply a place to drop in and visit with friends. In addition, institutions provide a variety of social services both to their aged residents and to persons who live in their own homes. Elderly discounts are often available for transportation, entertainment and education.

Many Canadians 65 and older benefit from shelter assistance. The federal government has provided forgivable loans to homeowners, landlords and non-profit organizations to repair and upgrade older housing, and several provincial governments operate similar programs. Ottawa, the provinces and some municipalities have cooperated to construct public housing used by the aged in which rent is geared to income. A number of provinces offer shelter allowances which benefit elderly renters, and every province provides some form of tax relief for elderly homeowners.

TRENDS AND PROSPECTS

The economic position of elderly men and their wives has improved considerably over the past two decades. Unfortunately the same cannot be said for the large and growing group of elderly women who head families or live on their own.

The risk of poverty for families headed by men 65 and older has declined dramatically during the past few years. In 1982 an estimated 10.2 percent were below the low-income line - less than half their poverty rate just three years earlier (21.8 percent in 1979). In sharp contrast, the poverty rate among families led by elderly women has increased since 1979 and now stands at an estimated 24.6 percent - two-and-a-half times the rate for men.

The proportion of aged unattached Canadians living on low incomes has declined gradually over the years, though at last count it was still a very high 58 percent. Again, however, women face a higher risk of poverty than men (60 percent as opposed to 49 percent), and women have experienced a smaller decrease in their poverty rate than men. At last count there were approximately 337,000 unattached women over 65 and below the poverty line - four times the 85,000 poor unattached aged men.

Our analysis of income trends produced similar results. Families headed by elderly men have enjoyed larger real income gains over the years than families led by aged women - 54.5 percent as opposed to 23.3 percent during the period 1967 to 1981. The median income of unattached aged men rose 77.5 percent from 1967 to 1981, compared to 70.5 percent for unattached elderly women. In 1981 the median income of elderly unattached women was \$6,512, compared to \$7,189 for aged unattached men.

The large majority of elderly Canadians, who still live on low or modest incomes, mainly have government to thank for what progress has been made in their economic situation. Over the past thirty years, a public retirement income system has been constructed which partly - though by no means adequately - meets the basic income needs of all senior citizens.

The cornerstone of Canada's retirement income system is the federal Old Age Security program, popularly known as 'the old age pension'. Parliament passed legislation in 1951 establishing a program of monthly payments to all persons 70 years and older; since 1970, the age of eligibility has been 65. The program currently pays \$263.78 a month to all elderly Canadians.

A second major federal program, the Guaranteed Income Supplement, was enacted in 1966 to serve elderly Canadians who have little or no income other than Old Age Security. The maximum monthly benefit is now \$265.60 for a single person and \$204.86 for each spouse in a couple. In 1975 the Spouse's Allowance was created to help lower-income couples in which one spouse is over 65 and the other aged between 60 and 64; if the older spouse dies, the younger spouse continues to receive the Spouse's Allowance until age 65. The maximum Spouse's Allowance is \$468.64 a month.

Ottawa and the provinces added a second tier to Canada's retirement income system in 1966 with the Canada Pension Plan (Quebec set up a parallel plan, the Quebec Pension Plan, at the same time). Every Canadian between the ages of 18 and 65 who is in the paid labor force, whether an employee or self-employed, is a member of the Canada Pension Plan or Quebec Pension Plan. The maximum monthly retirement pension for 1984 is \$387.50. The plans also pay a disability pension, a pension to the surviving spouse and children, and a lump-sum death benefit.

The provincial governments also contribute to the income of their aged residents through various income supplement programs and tax

subsidies. All three levels of government, along with the voluntary and private sectors, offer a wide range of services and subsidies (reviewed in the preceding chapter) which help defray the extra costs that accompany old age and stretch elderly Canadians' limited dollars.

There is no question that the creation of the public retirement income system has played a major role in strengthening the economic position of elderly Canadians. Thirty years ago, the aged received most of their income in the form of employment earnings and investments.⁵⁶ Today public programs provide about half of elderly income and almost all the income of the aged below the poverty line.

Improvements to the public retirement income system during the 'sixties and 'seventies raised the income of the aged and helped reduce their risk of poverty. Starting in 1966, the age of eligibility for Old Age Security was lowered by one year each year until it reached the current 65 in 1970. The federal government made two important changes to the program in 1973. The monthly payment was increased by 20 percent in April and, beginning in October, benefits were fully indexed to the cost of living on a quarterly basis.

The Guaranteed Income Supplement came into effect in January of 1967. Like Old Age Security, the Guaranteed Income Supplement was fully indexed to the cost of living starting in October 1973. In addition, Ottawa has substantially boosted benefits four times since the Guaranteed Income Supplement began: in April 1971 (by 64 percent for singles and 41 percent for couples), January 1972 (22 percent for singles, 26 percent for couples), January 1979 (19 percent for single pensioners, 11 percent for couples) and July 1980 (25 percent for singles, 16 percent for couples).

These changes have raised the value of Old Age Security and Guaranteed Income Supplement benefits to elderly Canadians over the years. A single pensioner eligible for Old Age Security and the maximum Guaranteed Income Supplement received \$1,260 in 1967, or \$4,057 in

today's dollars. By 1983, annual benefits from the two programs had risen to \$6,147, which represents a sizeable real increase of 52 percent over 1967. The value of the Old Age Security/Guaranteed Income Supplement for two-pensioner families (a maximum of \$10,883 for 1983) went up 34 percent between 1967 and 1983. The fact that benefits are fully indexed to the cost of living is crucial; without this protection, the incomes of most elderly Canadians would have been seriously eroded during the period 1974 to 1982 when inflation averaged 10 percent a year.

The Canada and Quebec Pension Plans are also becoming increasingly important to pensioners. When the plans were introduced in 1966, persons already retired were not eligible for membership; those 56 to 69 who were working could contribute to the plans, but qualified only for reduced benefits upon retirement. However full pensions became payable in January 1976, and more and more Canadians who retire receive a monthly cheque from the Canada or Quebec Pension Plan. In June of 1983 the plans numbered 1,258,056 retirement pension recipients - half the aged population - and the proportion will continue to increase in the years to come.

The Canada and Quebec Pension Plans accounted for 9.2 percent of the income of elderly couples and 8.4 percent of the income of the unattached aged in 1981 - more than double their share in 1975. In future the plans will contribute a larger share of the income of aged Canadians.

Despite these developments, Canada's retirement income programs neither prevent poverty among all the elderly nor adequately replace pre-retirement income. The problems with the pension system are not the subject of this study - they are examined in detail in other reports in the National Council of Welfare's series on pension reform - but they can be summarized in brief.

The Old Age Security and Guaranteed Income Supplement together guarantee an income above the poverty line for some elderly couples, but leave

many couples and all aged singles (most of them women) below the low-income line. In their present form, the Canada and Quebec Pension Plans can make only a limited contribution to retirement income because they replace only one-quarter of insurable earnings up to a level that is still below the average wage. The failings of private pension plans are glaring: most working Canadians are not covered by them (especially lower wage earners and workers in the private sector) and the minority who do belong typically receive meager pensions that are not adequately protected against inflation. Private pensions contribute only about 11 percent of the income of the aged.

Half of elderly Canadians - more than 700,000 women and 500,000 men - have so little retirement income they qualify for the Guaranteed Income Supplement, an anti-poverty program originally intended to serve what was supposed to have been a dwindling number of impoverished pensioners. Many Canadians who are middle-income earners during their working years undergo a serious drop in income after they retire. The gap between the haves and have-nots yawns wide among the elderly: a minority enjoy comfortable retirement incomes from savings, investments and private pension plans, while the majority have to get by on low or modest incomes obtained mainly from government programs.

Canada's retirement income system serves least adequately the very group - elderly women who are widowed or unmarried - that is growing fastest. By 2001, six in ten aged Canadians will be women, most of them living alone. Without major reforms to our pension system, the majority of Canadian women will continue to face an old age limited by low income.

SUMMARY

The economic condition of Canada's aged population has improved considerably over the past two decades. However elderly women living on their own, who are the fastest growing group among the aged, continue to face a very high risk of poverty and live on much lower incomes than most Canadians.

a. Demographics

the aged boom

- In 1901, one Canadian in twenty was 65 or older. Today one in ten is aged. Fifty years from now, one person in five will be elderly.
- The 1981 Census counted 2,360,975 men and women aged 65 and over. The most recent estimates, for June 1983, put the elderly at 2,496,500 - 10 percent of the Canadian population. By 2031, the elderly will almost triple in number to 6.6 million.
- The number of aged Canadians multiplied eight times between 1901 and 1981, while the population as a whole increased three-and-a-half times. The rate of growth in the elderly has been accelerating during the past twenty years; the rate of increase for the population as a whole has been slowing.

women

- In 1901, 48.8 percent of aged Canadians were women. In 1981, women represented 57.2 percent of the elderly. By 2001, six in ten senior citizens will be women.
- Aged women increased their numbers by 921 percent between 1901 and 1981, compared to 628 percent for elderly men.
- The number of elderly women rose by 17 percent between 1971 and 1976 and by 20 percent from 1976 to 1981. Aged men increased in number by 12 percent from 1971 to 1976 and 15.5 percent between 1976 and 1981.

the older aged

- . More and more Canadians - women in particular - are living well past 65. The latest Census counted 883,230 persons 75 years or older, and their numbers could reach a million and a half by 2001 and three to four million by 2041.
- . The over-75's represented 31 percent of the elderly in 1951 and 37 percent in 1981. They could account for 50 to 55 percent of the aged population by 2041.
- . The older the age group within the elderly, the greater its growth. The ranks of persons aged 65 to 69 increased just under seven times from 1901 to 1981; those 70 to 74 multiplied more than seven times during the same period; persons 75 to 79, eight times; those 80 to 84, nine times; and elderly Canadians 85 and older, a remarkable thirteen times.
- . The older the age group, the larger the proportion of women. Women represent 57.2 percent of all elderly Canadians, 61.6 percent of those 75 and older, and two-thirds of persons 85 and over.

life expectancy

- . Women live longer on average than men, which explains why there are more aged women than men and why the proportion of elderly women rises with increasing age. In 1976, life expectancy at birth was 77.5 years for females and 70.2 years for males. By 2001, average lifespans are forecast to reach about 81 years for women and 72 years for men.
- . Women's life expectancy has improved more than men's. Women gained 15.4 years in average lifespan from 1931 to 1976, as opposed to 10.2 years for men. The life expectancy gap between women and men widened from 2.1 years in 1931 to 7.3 years in 1976.

marital status

- . Six in ten elderly women are single, most of them widows. By contrast, three in every four aged men are married and only 14 percent are widowers.
- . The proportion of elderly women who are married declines sharply with increasing age, but the decrease among men is much less marked. Even among men as old as 85 to 89, half are still married as opposed to only 10 percent of women in the same age group.

- Most elderly men and women are married when they begin their old age. However most married aged women become widows because they outlive their husbands (who are also generally older than themselves). The chances of elderly widows remarrying are slim (and decline as they grow older) in part because there are relatively few eligible older men: most aged men are married, they are fewer in number than women, and those who are widowed are more likely than widows to remarry.

living arrangements

- Most elderly men (71.7 percent) live in their own family with a spouse or never-married children. Of the remainder, 13 percent live alone, 6.6 percent in collective dwellings (such as old age homes), 5.6 percent with relatives, and 2.6 percent with friends.
- The majority of aged women (58.4 percent) do not live in their own family. Close to a third live alone, 10.4 percent are in collective dwellings (mainly hospitals and old age homes), 12.8 percent with relatives and 2.5 percent with friends.
- The growth in the elderly who live alone (most of them women) marks a major social change in Canadian society. In just twenty years, the proportion of elderly persons living alone has doubled (from 12 percent in 1961 to 24 percent in 1981), and they will continue to expand for the foreseeable future. The proportion of aged women living alone went from 15 percent in 1961 to 32 percent in 1981, and their numbers quadrupled from 109,000 to 434,640 during the same period.

provinces

- The provinces with the highest proportion of elderly residents in their population are Prince Edward Island (12.2 percent), Saskatchewan (12.0 percent) and Manitoba (11.9 percent). The other provinces with concentrations of aged above the 9.7 percent national average are British Columbia (10.9 percent), Nova Scotia (10.9 percent), New Brunswick (10.1 percent) and Ontario (10.1 percent).
- The elderly population is lowest in the Northwest Territories (2.9 percent). The aged account for only 3.2 percent of Yukon residents, 7.3 percent of Albertans and 8.8 percent of the population of Quebec.
- Like the population as a whole, most aged persons (73.5 percent) live in Ontario, Quebec or British Columbia. Ontario's 868,190 senior citizens accounted for over one-third of Canada's aged in 1981.

the international scene

- Canada's aged form a smaller proportion of the population (9.7 percent in 1981) than the elderly in most other advanced industrial nations such as Sweden (16.3), West Germany (15.5 percent), the United Kingdom (15.0 percent), Norway (14.8 percent), Denmark (14.4 percent), France and Italy (13.5 percent each), the Netherlands (11.5 percent) and the United States (11.4 percent).
- However by the turn of the next century, Canada's elderly will increase to about 12 percent of the population, a figure close to the projected 12.8 percent for developed nations.
- In Saskatchewan, Manitoba and Prince Edward Island, the aged already form 12 percent of the provincial population, a figure much closer to the European countries than the 9.7 percent proportion for all of Canada.

the dependency burden

- Canada's aged will not increase indefinitely. The elderly will steadily grow to a projected 6.6 million by 2031, but thereafter will gradually decrease to 6.5 million in 2041 and under 6.4 million by 2051. Their share of the population will peak at 19.6 percent in 2031 and then will fall to 18.9 percent in 2041 and a projected 18.2 percent by the middle of the twenty-first century.
- In 1901 there were 10 elderly persons for every 100 of working age. Today there are 17 aged Canadians for every 100 between 20 and 64, and the figure (known as the 'old age dependency ratio') will reach 32.5 by the middle of the next century.
- The ratio of the aged to the working age population will continue to increase gradually for the next thirty years, will escalate rapidly from 2011 to 2031, then will decline after 2031 as the baby boom generation dies off.
- The aged will exert their greatest pressure on our society's resources between 2011 and 2031.

b. Poverty

- One aged Canadian in four lives below the poverty line.

- Over half a million aged family units - an estimated 422,000 unattached individuals and 98,000 families with aged heads - were low-income in 1982, the latest year for which data is available.
- The unattached elderly (most of them women) are five times more likely to be poor than the aged in families. In 1982, an estimated 57.7 percent of the unattached aged (i.e., those who neither head families nor live with a relative) had incomes below the low-income line, compared to only 11.7 percent of families with elderly heads.
- Elderly women have higher poverty rates than elderly men; one-quarter of families headed by aged women were poor in 1982, compared to one-tenth of those with aged male heads. Sixty percent of unattached elderly women were low-income in 1982, compared to 49 percent of unattached elderly men.
- Of the estimated 422,000 low-income unattached elderly in 1982, 337,000 - 80 percent - were women.
- The risk of poverty is greater for older unattached persons; 61.6 percent of those 70 and older were below the low-income line in 1981, compared to 50.2 percent of those aged 65 to 69.
- Close to two-thirds of unattached women aged 70 or older were poor in 1981.
- The poverty rate for families headed by the aged is above average in Quebec (22.2 percent in 1981) and the Atlantic provinces (16.5 percent). Only one elderly family in ten was poor in Ontario, Alberta and British Columbia in 1981.
- Seventy percent of the unattached aged in Quebec were poor in 1981. Even in Alberta, the province with the lowest rate, more than half of elderly unattached individuals were poor in 1981.

c. Income

- The median income of families with aged heads is estimated at \$16,967 for 1982, which represents 58 percent of the median income of \$29,246 for all families and just 47 percent of the \$35,930 for families with heads in the prime earning years of 45 to 54.
- The median income of elderly unattached Canadians was an estimated \$7,458 in 1982, or 66 percent of the median income of \$11,369 for all unattached persons and 39 percent of the median income of those aged 35 to 44. The median income of the unattached elderly actually fell below the poverty line in 1982.

- Most of the unattached aged are women, and their incomes are lower on average than those of unattached elderly men. In 1981, the median income of unattached women aged 65 to 69 was \$6,876, as opposed to \$8,026 for unattached men in that age group. Unattached women 70 and older had a median income of \$6,395 in 1981, compared to \$6,921 for men.
- The unattached elderly are considerably worse off financially than aged families. The median income of aged unattached individuals in 1982 was only 44 percent of that of families with heads 65 or over.
- The aged are bunched on the lower rungs of the income ladder. Seventy percent of families with elderly heads had incomes below \$25,000 in 1982, in contrast to 41 percent of all families and only 27 percent of those with heads 45 to 54. Forty percent of aged families had incomes below \$15,000, just half the median income for all families.
- Seventy-two percent of unattached aged Canadians had incomes under \$10,000 in 1982. Only 6 percent were over \$25,000.
- In 1982, 80 percent of elderly women who reported any income had under \$10,000, in contrast to 54 percent of aged men.
- Government income security programs and public pension plans supplied 45.5 percent of the total income of aged couples (in which both spouses are over 65) and over half (51.3 percent) of the income of the unattached elderly in 1981. Elderly couples received another 27.9 percent from investments, 13.9 percent from employment and only 11.6 percent from private pension plans. The unattached aged got 30.1 percent of their income from investments, 10.9 percent from private pensions and only 5.9 percent from employment.
- Elderly families and unattached individuals below the poverty line receive almost all their income from public sources, mostly Old Age Security and the Guaranteed Income Supplement.
- The non-poor aged are much more likely than the low-income elderly to receive retirement income from the Canada Pension Plan or Quebec Pension Plan, private pension plans and investments.
- Many middle-income earners join the ranks of the elderly poor and near-poor when they retire. Two-thirds of middle-income Canadians will face a drop of 25 percent or more in their living standard under the current pension system. Half of today's aged qualify for the Guaranteed Income Supplement, an anti-poverty program geared to the elderly with little or no income other than their Old Age Security pension.

d. Shelter Costs

- Three in four families with elderly heads and 40 percent of aged unattached individuals own their homes, most with a paid-off mortgage. Almost as many low-income seniors are homeowners as those above the poverty line.
- The costs of operating a house - such as heat, electricity, water, insurance, maintenance and repairs - take a larger slice of the income of elderly than of non-aged homeowners. Some homeowners find themselves 'house rich and cash poor' in their old age.
- A growing proportion of aged Canadians rent their accommodation. Half of elderly women rent as opposed to one-quarter of elderly men. Government subsidies help some aged renters, but the demand for affordable apartments outstrips the supply.
- Elderly renters have lower average incomes than those who own their homes. Almost half of aged renters spend 25 percent or more of their limited income on housing, compared to only one-quarter of elderly homeowners.

e. Trends

- Government, the private sector and voluntary groups provide a wide range of subsidies and services that stretch elderly Canadians' limited dollars. This important form of non-cash income partially - but by no means fully - makes up for the low incomes upon which hundreds of thousands of elderly Canadians have to survive.
- There has been considerable progress against poverty among the aged population as a whole. In 1969, 41.4 percent of families led by the elderly were poor, but by 1982 the rate had fallen to 11.7 percent - a substantial drop of 72 percent. The poverty rate for families with heads under 65 went from 17.7 percent in 1969 to 14.2 percent in 1982, a decline of only 20 percent.
- There also has been a more modest though welcome decline in the risk of poverty for elderly unattached individuals. Their poverty rate went from 69.1 percent in 1969 to 57.7 percent in 1982.
- More recent poverty trends indicate a growing divergence between elderly women and men. In 1982, an estimated 10.2 percent of families led by aged men were below the low-income line - less than half their poverty rate just three years earlier (21.8 percent in 1979). By contrast, the poverty rate for families led by elderly women increased from 22.2 percent in 1979 to an estimated 24.6 percent in 1982 - two-and-a-half times the 1982 rate for families led by men 65 or older.

- The risk of poverty for unattached aged men has gone down faster than the rate for unattached elderly women, so the poverty gap between the sexes has widened over the past few years. At last count (1982) an estimated 60 percent of unattached aged women and 49 percent of unattached elderly men were poor.
- Canada's aged have enjoyed larger income gains than the population as a whole in recent years. Between 1967 and 1982, the real (i.e., after-inflation) median income of families with elderly heads increased by 49 percent, compared to 41 percent for all families. The unattached elderly saw their income rise by 72.5 percent from 1967 to 1982, compared to 44 percent for all unattached individuals.
- The income gap between the aged and all Canadians has narrowed somewhat over time. In 1967, the median income of families with elderly heads was 55 percent of the median income of all families, but by 1982 the ratio went up to 58 percent. The median income of the unattached elderly was 55 percent of the median income of all unattached individuals in 1967 and an estimated 66 percent in 1982.
- Elderly men also have outdistanced aged women in terms of income gains. Between 1967 and 1981, the real (i.e., after-inflation) median income of families led by aged men increased by 54.5 percent, as opposed to only 23.3 percent for families with elderly female heads. The median income of unattached aged men rose 77.5 percent in real terms from 1967 to 1981, compared to 70.5 percent for unattached elderly women.
- The growth of the public part of the pension system - federal and provincial income security programs and the Canada and Quebec Pension Plans - has played a major role in improving the incomes of the elderly over the past two decades. Private pension plans are seriously flawed, exclude the majority of employees (particularly women, lower wage earners and workers in the private sector), and contribute only a small portion of the income of the aged. The retirement income system as a whole fails to fully meet its anti-poverty and income-replacement objectives.
- Further progress against poverty and improvement in the economic situation of elderly Canadians will require major reforms to the retirement income system.

FOOTNOTES

1. Statistics Canada. Income Distributions By Size in Canada, Preliminary Estimates, 1982 (Ottawa: Minister of Supply and Services Canada, 1983), p. 25. Figures in the next two paragraphs are also from this source.
2. Statistics Canada. Income Distributions By Size in Canada, 1981 (Ottawa: Minister of Supply and Services Canada, 1983), p. 21. The definitions in this and the following two paragraphs are from this source.
3. For an explanation of the low-income lines, see the National Council of Welfare, 1983 Poverty Lines (Ottawa: 1983) and Statistics Canada, Income Distributions By Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), Appendix.
4. Census data for 1901 and 1911 are from Dominion Bureau of Statistics, 1961 Census of Canada Vol. 1 (Part 2) - Population: General Characteristics (Ottawa: Minister of Trade and Commerce, 1962), Table 20. Figures for 1921 through 1971 are from Statistics Canada, 1971 Census of Canada Vol. 1 (Part 2) - Population: Age Groups (Ottawa: Information Canada, 1973), Table 7. Statistics for 1981 are from Statistics Canada, 1981 Census of Canada Vol. 1 - Population: Age, sex and marital status (Ottawa: Statistics Canada, 1982). Estimates for June 1983 are from Statistics Canada Daily (September 19, 1983), p. 4.
5. Denton, Frank T. and Byron G. Spencer. "Population Aging and Future Health Costs in Canada", Canadian Public Policy IX:2 (June, 1983), p. 158.
6. Stone, Leroy O. and Susan Fletcher. A Profile of Canada's Older Population (Montreal: The Institute for Research on Public Policy, 1980), p. 10.
7. Results for 1901 through 1981 are from Census data. Figures for 1991 and 2001 are based on projection number 1 in Statistics Canada, Population Projections for Canada and the Provinces, 1976-2001 (Ottawa: Minister of Industry, Trade and Commerce, 1979).
8. Based on data from a study prepared for the Economic Council of Canada by Frank T. Denton et. al., The Future Population and Labour Force of Canada: Projections to the Year 2051 (Ottawa: Minister of Supply and Services Canada, 1980), p. 9.
9. Statistics Canada. Canada's Elderly (Ottawa: Minister of Supply and Services Canada, 1979), p. 6.

10. Figures for 1931 through 1961 are from Dominion Bureau of Statistics, Life Expectancy Trends 1930-1932 to 1960-1962 (Ottawa: Minister of Trade and Commerce, 1967). Figures for 1971 are from Statistics Canada, Life Tables, Canada and Provinces, 1970-1972 (Ottawa: Information Canada, 1974). 1976 data are from Statistics Canada, Vital Statistics, Vol. III - Deaths, 1977 (Ottawa: Minister of Supply and Services Canada, 1980).
11. Denton, Frank T. and Byron G. Spencer. "Population Aging and Future Health Costs in Canada", Canadian Public Policy IX:2 (June, 1983), p. 158.
12. Benjamin, B. "Mortality Trends in Europe", World Health Statistics Report Vol. 27, No. 1 (1974), p. 29.
13. Statistics Canada. 1981 Census of Canada Vol. 1 - Population: Age, Sex and Marital Status (Ottawa: Minister of Supply and Services Canada, 1982), Table 4.
14. Calculated from data presented in Table 6 of Statistics Canada's 1981 Census of Canada Vol. 1 - Census Families in Private Households: children at home, structure and type, living arrangements (Ottawa: Minister of Supply and Services Canada, 1982). Figures for the aged in collective dwellings are from Statistics Canada, 1981 Census of Canada Vol. 1 - Occupied Private Dwellings - type and tenure (also showing collective dwellings) (Ottawa: Minister of Supply and Services Canada, 1982), Table 1. "Other" is a residual category.
15. Harrison, Brian. Living Alone in Canada: Demographic and Economic Perspectives, 1951-1976 (Ottawa: Statistics Canada, 1981), Chapter 4.
16. All figures (except for Canada) are from United Nations, World Population Trends and Policies: 1979 Monitoring Report (New York: Department of International Economic and Social Affairs, 1980). The projection for France is for 1982. Statistics for Canada and the United States are for 1981. The remaining figures are for 1980.
17. Figures for 1991 through 2051 were calculated on the basis of projections in Frank T. Denton and Byron G. Spencer, "Population Aging and Future Health Costs in Canada", Canadian Public Policy IX:2 (June, 1983), p. 158. Data for 1901 through 1981 are from the Census (see footnote 4).
18. Dependency ratios are useful indicators of changes in the population age structure that, in turn, help forecast future demands on government and the economy. However dependency ratios alone cannot furnish an adequate gauge of the economic burden of the young and old on the working population. Such ratios do not reflect the complex set of circumstances that affect the production and consumption of goods

and services by different age groups. For instance, women's participation in the labor force doubled from 25 percent in 1951 to 52 percent in 1982 and likely will continue to increase for some time, while the labor force participation of the aged (especially men) has decreased over time; each of these developments affects the economy's productive capacity, as do technological change and other factors.

19. Statistics were obtained from a special tabulation of the 1982 Survey of Consumer Finances performed by the Consumer Income and Expenditure Division, Statistics Canada. These estimates understate the number of elderly poor in Canada because the survey on which they are based does not cover the Yukon, the Northwest Territories, Indian reserves and institutions (including old age homes).
20. All statistics for 1982 are preliminary estimates from the 1983 Survey of Consumer Finances as presented in Statistics Canada, Income Distributions By Size in Canada: Preliminary Estimates, 1982 (Ottawa: Minister of Supply and Services Canada, 1983). Poverty rates are as published; estimates of the number of low-income aged in various categories were calculated by the National Council of Welfare using percentage distribution figures from Statistics Canada's report. Final results for 1982 will be published by Statistics Canada in 1984; past experience shows that the preliminary figures tend to be slightly higher than the final results.
21. Based on unpublished data from the 1982 Survey of Consumer Finances (1981 income, economic families, microdata tape). Calculations by the National Council of Welfare.
22. See footnote 21.
23. Figures for 1969 are based on the low income cut-offs (1969 base), while statistics for 1979 through 1982 were calculated according to the low income cut-offs (1978 base). For methodological reasons, it is difficult to chart trends in poverty using Statistics Canada's low income lines. Therefore the 1969 figures should be interpreted only as a rough benchmark to compare progress in poverty between the aged and the non-aged. See Statistics Canada, Income Distributions By Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1982), pp. 120 to 128. Chart 1 (p. 127) shows that there has been a downward trend in the poverty rate, especially for families, no matter which of three sets of low-income lines (1959, 1969 or 1978 base) we use.
24. The poverty rate decreased by 16.6 percent for unattached aged men and by 12.2 percent for unattached aged women between 1979 and 1982. In 1979 the poverty rate for unattached elderly women was 1.17 times that for unattached elderly men; by 1982, the ratio had risen to 1.24.
25. Statistics Canada. Income Distributions By Size in Canada: Preliminary Estimates, 1982 (Ottawa: Minister of Supply and Services Canada, 1983), p. 19. All income statistics for 1982 are from this source.

26. The 1982 low income lines (1978 base) for one person were: \$8,914 for metropolitan centres of 500,000 or more inhabitants; \$8,466 for large cities of 100,000 to 499,999; \$7,941 for cities of 30,000 to 99,999; \$7,342 for urban centers of less than 30,000; and \$6,592 for rural areas. Most elderly unattached Canadians live in communities where the poverty line is higher than their estimated median income of \$7,458 for 1982.
27. Statistics Canada. Income Distributions By Size in Canada, 1981 (Ottawa: Minister of Supply and Services Canada, 1983), p. 80. The picture is somewhat different for elderly families. Those led by women aged 65 to 69 had a median income of \$17,029 in 1981, just under the \$17,591 for families led by men in that age bracket. However families headed by women 70 and over had a median income of \$18,351, which was considerably higher than the \$13,434 for families led by men 70 and older (see p. 57). All income data for 1981 are from this source.
28. Policy Research and Strategic Planning Branch. The Incomes of Elderly Canadians in 1975 (Ottawa: Department of National Health and Welfare, 1979), p. 2. Statistics Canada's low income cut-off for one person is about three-quarters of the low-income line for a family of two.
29. Statistics Canada. Income Distributions By Size in Canada: Preliminary Estimates, 1982 (Ottawa: Minister of Supply and Services Canada, 1983), pp. 16 and 19. Calculations by the National Council of Welfare. Table 24 is based on data from p. 22.
30. See footnote 21 for source.
31. See footnote 21 for source. Table 28's "other government" category excludes social assistance because of sampling and reporting problems.
32. Statistics Canada. The Labour Force, December 1982 (Ottawa: Minister of Supply and Services Canada, 1983), p. 24.
33. While our tables compare only two income groups - those below and above the poverty line - other studies that examine a number of income groups find a direct relationship between income level and the percentage from private sources. A Health and Welfare Canada study divided elderly couples into 5 income groups. Those in the lowest group (under \$4,000 in 1975) got only 7 percent of their income from private sources; those in the next income group received 14 percent from private sources; couples in the middle income category, 36 percent; those in the next group, 62 percent; and couples in the highest group (\$12,500 or more in 1975) obtained 82 percent of their income from private sources. The pattern was identical for the unattached elderly, whose income from private sources ranged from 7 percent for those in the lowest category to 77 percent for those in the highest income group. See Policy Research and Planning Branch, The Incomes of Elderly Canadians in 1975 (Ottawa: Department of National Health and Welfare, 1979), pp. 24 and 25.

34. Table 31 uses National Council of Welfare estimates of Statistics Canada's low income cut-offs (1978 base). We assume a 6 percent inflation rate for 1983. Note that the low-income lines vary by community size. The estimated poverty lines applicable to Montreal, Toronto, Winnipeg, Edmonton and Vancouver are \$9,449 for single persons and \$12,467 for couples. The estimated poverty lines for St. John's, Halifax, St. John and Regina are \$8,974 for single persons and \$11,832 for couples. Charlottetown falls in the category of less than 30,000 residents, for which the estimated poverty lines in 1983 are \$7,783 for singles and \$10,243 for couples.
35. Federal and provincial income security payments place all elderly couples living in urban centers with less than 30,000 residents and in rural areas above the poverty line. Couples living in cities of 30,000 to 99,999 are above the poverty line in Nova Scotia, Ontario, and the West but below the poverty line if they live in Newfoundland, New Brunswick or Quebec (which do not provide provincial income supplements for the aged). Ontario, Alberta and British Columbia couples living in cities of 100,000 to 499,999 are above the poverty line, but those in the remaining provinces are low-income if they depend on government income security programs for all of their retirement income. Five provinces have metropolitan areas (500,000 or more); Alberta and Ontario offer income supplements large enough to bring aged couples receiving only OAS/GIS over the poverty line for metropolitan centers, but those living in Montreal, Winnipeg and Vancouver remain below the low-income line. Government income programs leave all single elderly Canadians far below the low-income line with the sole exception of those in rural Alberta, whose guaranteed income brings them about \$200 above the poverty level.
36. Provincial taxes are for Ontario. The single person and both members of the two-earner couple claim the basic personal exemption and the standard deduction; the taxpayer in the one-earner couple also claims the marital exemption. We assume a maximum CPP retirement pension (\$345.15 a month for 1983).
37. Income Security Programs Branch. Income Security Programs Monthly Statistics (Ottawa: Health and Welfare Canada, November, 1983). In November of 1983, 1,241,708 Canadians - 50.15 percent of those receiving Old Age Security - got the Guaranteed Income Supplement. Of these 1,241,708 GIS recipients, 303,592 - 24.5 percent - received the maximum benefit. A larger percentage of single pensioners (31.6 percent) got the full payment than GIS recipients in couples (15.6 percent).
38. The Honourable Monique Bégin. "Coverage: the Key Issue of Pension Reform". Presentation to the Special Parliamentary Committee on Pension Reform. (Ottawa: Office of the Minister of National Health and Welfare, 1983), p. 8.

39. Figures for 1967 are from Dominion Bureau of Statistics, Income Distributions By Size in Canada, 1967 (Ottawa: Minister of Trade and Commerce, 1970), pp. 21 and 33.
40. Policy Research and Strategic Planning Branch. The Incomes of Elderly Canadians in 1975 (Ottawa: Department of National Health and Welfare, 1979), p. 6.
41. Government of Canada. Better Pensions for Canadians (Ottawa: Minister of Supply and Services Canada, 1982), pp. 19-20.
42. Policy Research and Strategic Planning Branch. The Incomes of Elderly Canadians in 1975 (Ottawa: Department of National Health and Welfare, 1979), pp. 22-25. These results apply to elderly unattached individuals and to couples both of whom are aged. Couples with the wife under 65 receive their largest portion of income from employment, obviously because the wives are more likely to work than in couples where each member is 65 or older.
43. Stone, Leroy and Michael MacLean. Future Income Prospects for Canada's Senior Citizens (Montreal: The Institute for Research on Public Policy, 1979), p. 24.
44. Calculated from data in Statistics Canada's Income After Tax, Distributions By Size in Canada, 1980 (Ottawa: Minister of Supply and Services Canada, 1983), Tables 4 and 12, and Income Distributions By Size in Canada, 1981 (Ottawa: Minister of Supply and Services Canada, 1982), Tables 4 and 23.
45. See footnote 21 for source.
46. In 1977 the equity in their homes averaged 46 percent of the total wealth of aged family units, the largest single component. See Statistics Canada, The Distribution of Income and Wealth in Canada, 1977 (Ottawa: Minister of Supply and Services Canada, 1979), p. 38.
47. Calculations by the National Council of Welfare based on data from Statistics Canada's Consumer Prices and Price Indexes (Ottawa: Minister of Supply and Services Canada) for July-September 1980 and October - December 1982, Table 8 in both editions.
48. Statistics Canada. Family Expenditure in Canada Vol. 3 - All Canada: Urban and Rural, 1978 (Ottawa: Minister of Supply and Services Canada, 1982), Table 10.
49. Canadian Council on Social Development. Brief on the June 1982 Budget, presented to The Honourable Allan J. MacEachen, Minister of Finance. (Ottawa: July 26, 1982), p. 9.

50. Stone, Leroy and Susan Fletcher. A Profile of Canada's Older Population (Montreal: The Institute for Research on Public Policy, 1980), p. 62, based on Census data for households. Statistics from the 1981 Census were not available at the time of publication of Sixty-Five and Older to permit updating of the Stone and Fletcher material.
51. In 1982 aged households which owned their accommodation had a (1981) median income of \$13,140 - \$15,716 for those with a mortgage, \$12,736 for those without a mortgage. Elderly renters, in contrast, had a 1981 median income of \$9,103. See Statistics Canada, Household Facilities by Income and Other Characteristics (Ottawa: Minister of Supply and Services Canada, 1983), p. 98.
52. Government of Canada. Canadian Governmental Report on Aging (Ottawa: Minister of Supply and Services Canada, 1982), p. 62. Data are for 1978.
53. Gross, M. John and Cope W. Schwenger. Health Costs for the Elderly in Ontario: 1976-2026 (Toronto: Ontario Economic Council, 1981), pp. 92-93. Physician costs are for services provided under public medical insurance.
54. Health and Welfare Canada and Statistics Canada. The Health of Canadians: Report of the Canada Health Survey (Ottawa: Minister of Supply and Services Canada, 1981), p. 115. Only 15 percent of elderly persons surveyed did not consult a doctor during the last year, compared to 23 percent of all respondents; 18 percent of elderly men and 22 percent of aged women reported 10 visits or more during the year, compared to 7 percent of all men and 12 percent of all women (p. 169). The aged averaged 13.2 annual bed-days per person compared to 5.26 for all those surveyed (p. 119). Two-thirds of men 65 and over and 77 percent of elderly women use drugs; the figures for men and women of all ages are 40.8 percent and 54.8 percent, respectively (p. 180).
55. Government of Canada. Canadian Governmental Report on Aging (Ottawa: Minister of Supply and Services Canada, 1982), p. 46.
56. Ostry, Sylvia and Jenny Podoluck. The Economic Status of the Aging (Ottawa: Dominion Bureau of Statistics, 1966), pp. 98 and 104. Families with heads 65 to 69 got 69.5 percent of their income from employment and 12 percent from investments; government programs supplied only 8.9 percent. Families headed by persons 70 and over averaged 50.2 percent of their income from work and 15.1 percent from investments, with government supplying 26.2 percent. Single aged men 65 to 69 got 61.9 percent of their income from employment and 11.7 percent from investments; single women in that age group received 34.6 percent from working and 35.8 percent from investments. The share of income from employment and investments was smaller for the single aged 70 and older (44.4 percent for men, 41.0 percent for women) and the proportion from government was larger (42.2 percent for men, 48.2 percent for women). Figures are for 1961.

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